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Explanation of funding summary

The administration's original budget request for the national defense function of the federal budget for fiscal year 1995 was \$263.7 billion, of which \$193.0 billion is for programs which require authorization. Subsequent budget amendments for procurement reform and reform of agency rent payments reduced the request for the national defense function to \$263.3 billion. The bill reported by the committee includes an authorization recommendation of \$263.1 billion.

The committee's authorization recommendation is substantially larger than the amount requested for specific funding authorization. The primary reason for this difference is that the committee authorized \$70.8 billion in funding for military end strengths and pay raises, which traditionally do not require a specific funding authorization.

The following table summarizes both the direct authorizations and the equivalent budget authority levels for the fiscal year 1995 national defense authorizations in this legislation.

The columns relating to the authorization request do not include funding for the following items: military personnel funding; military construction authorizations provided in prior years; and other small portions of the defense budget that are not within the jurisdiction of this committee or which do not require an annual authorization. As explained above, funding for military personnel is included in the amounts authorized by the committee, but not in the total funding requested for authorization.

Funding for all programs in the national defense budget function is reflected in the columns relating to the budget authority request and the total budget authority implication of the authorizations in this bill.

When taking into account all legislative provisions in this bill, including those which do not require direct funding authorizations, the budget authority implication of this bill is \$263.3 billion, which is \$0.5 billion below the Budget Resolution figure of \$263.8 billion for the national defense function and \$370 million below the original budget request.

**SASC, p. 2**

Future defense budget reductions

The committee remains concerned about the adequacy of the funding levels that will be available for national defense programs in the coming years. Of particular concern are the hidden reductions that are not readily apparent when looking at the outyear funding levels for defense contained in the Administration's fiscal year 1995 budget.

Although the funding levels included in the Administration budget are said to be sufficient to support the force levels advocated by the Administration as a result of the Bottom-Up Review, this assumption is questionable on several grounds.

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First, as the Secretary of Defense testified before the committee, the Defense Department's Future Years Defense Program actually includes \$20 billion more in program funding during fiscal years 1996 through 1999 than the defense funding levels in the Administration's own budget can support. The Secretary attributed this shortfall to a failure to fully budget for increased inflation. This situation will have to be resolved in the fiscal year 1996 budget. If the overall defense budget is not increased, funding for programs currently included in the Defense Department's planned fiscal year 1996 budget will have to be cut.

Second, in both the fiscal year 1994 and 1995 budgets, the Administration proposed either freezing military and federal civilian pay rates or holding pay raises significantly below the rate of inflation. Congress rejected that approach last year. This year, the Armed Services Committees of the Senate and the House of Representatives have recommended higher pay raises for military personnel than have been assumed in the budget, and action in other committees indicates that Congress may also increase civilian pay raises above the levels assumed in the fiscal year 1995 budget.

According to the Congressional Budget Office, the total cost over the next five years of providing the full pay raises to which military and DOD civilian employees are entitled under current law is \$26 billion above the amounts assumed in the Administration's defense budget. At a minimum, the five-year cost just for the 1995 military pay raise increase recommended by the committee, and of an equivalent raise for DOD civilians, is \$4.8 billion.

Third, the Administration's budget assumed unallocated government-wide savings for procurement reform of \$12.2 billion over the next five years. A budget amendment allocated approximately 45 percent of the fiscal year 1995 savings to DOD. A similar allocation of the assumed savings in the outyears would require DOD to save at least \$6 billion from procurement reform.

Fourth, based on past history, there is every reason to expect that the upcoming 1995 base closure round will cost significantly more than is currently assumed in the Administration's budget.

Finally, the Concurrent Resolution on the Budget for Fiscal Year 1995 lowered the discretionary spending limits in the Senate for fiscal years 1995 through 1999 by \$30.8 billion. Because the defense budget represents approximately half of federal discretionary spending, this reduction in the discretionary caps is likely to require some reductions to the overall levels of defense spending currently assumed by the Administration.

This combination of potential reductions in future defense spending topline, a \$20 billion funding shortfall already built into the current budget, and costs for items such as pay raises and procurement reform that will have to be absorbed within future defense budgets leaves the committee seriously concerned that the Bottom-Up Review force structure proposed by the Administration, which the Chairman of the Joint Chiefs of Staff testified was "as lean as we dared make it", will prove to be unaffordable.

Force structure, strategy, and modernization

The chart below shows past and planned funding, in constant dollars, of military personnel; operation and maintenance (O&M); research, development, test, and evaluation (RDT&E); and procurement. The chart shows that most of the increase in the defense budget during the 1980s was in procurement, but that most of the decline in the defense budget since the mid-1980s was also in procurement. Declines since the peak of spending in 1985 in O&M and RDT&E have been significantly less steep.

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The Administration has decided to reduce procurement funding as much as it has on the grounds that the buildup of the 1980s modernized most of the force and will provide a margin of technological superiority for some time to come. In the interim, the Administration hopes to achieve substantial savings in overhead costs and force level reductions, which can then be "re-invested" in the procurement of modern equipment. This strategy is reflected in the planned upswing in the procurement budget in the last years of the current Future Years Defense Program (FYDP).

Elsewhere in this report, however, the committee outlines major unfunded liabilities facing the Department of Defense. Addressing these shortfalls is likely to lead to elimination of the hoped-for increase in procurement, and perhaps an even larger reduction.

Procurement funding levels determine the rate at which forces are modernized with new or improved equipment. In general, if modernization rates decline too far, force effectiveness will diminish relative to potential opponents.

Hypothetically, as an example, at projected procurement levels, the 10-division Army force level established by the Bottom-Up Review (BUR) may be unable in the long term to prevail in two nearly simultaneous major regional contingencies (MRC) if adversaries have engaged in significant force expansion and modernization. Conversely, a force size less than 10 divisions that is equipped with more modern equipment could be more effective in implementing the two-MRC strategy than 10 divisions that have been modernized at a slower rate.

The committee is not satisfied that the Department of Defense has adequately analyzed the impact of sustained, low procurement levels on overall force capabilities over the long term, particularly since projected procurement levels may not be achievable. The committee also is not satisfied that the Department has analyzed the tradeoffs between force size and force effectiveness.

The committee believes that the Department of Defense must address these issues. The committee therefore directs the Secretary of Defense to provide a report to the congressional defense committees by December 31, 1994, that answers these questions:

- (1) What criteria does the Department of Defense use to determine the adequacy of its modernization program?
- (2) If the planned increase in procurement is not achieved, will the Department be able to execute the two-MRC strategy successfully? If so, at what increased cost and risk?
- (3) What mechanism is appropriate for gauging the trade-offs between force structure and modernization?
- (4) If force levels were reduced another 5, 10, or 15 percent, what would the direct and indirect savings be?
- (5) If these savings were applied to modernize the remaining forces at a higher rate, what would the effect be on the Department of Defense's warfighting capability 10 or 15 years from now? Would that force be more or less effective in implementing the two-MRC contingency strategy?

**SASC, p. 7-9**

Arms control compliance funding for the On-Site Inspection Agency (OSIA) and the military services.

The arms control budget request for the On-Site Inspection Agency (OSIA), the military Services, and defense agencies was based on assumptions regarding the dates on which treaties would likely enter into force. To date, the following treaties have not been ratified by all signatories, which is resulting in a delay in the date of entry into force: the Open Skies Treaty, the Chemical Weapons Convention, START II, and the Bilateral Destruction Agreement between the United States and Russia. As a result, the committee recommends a reduction of \$7.0 million in the O&M account for OSIA, and reductions of \$6.0 million to the Army, \$3.0 million to Navy, and \$4.0 million to the Air Force O&M accounts for arms control compliance activities due to these reduced requirements in fiscal year 1995.

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Because of the fast-changing nature of arms control agreements, in the event that inspection requirements for OSIA or the military Services increase, the committee will consider requests by the Department of Defense for additional adjustments in funding during the fiscal year, as appropriate.

The budget of the Department of Defense funds the majority of the costs of implementation for arms control agreements to which the United States is a party. Recently concluded arms control agreements have included the creation of consultative commissions or groups to allow treaties to operate provisionally prior to entry into force, promote the objectives and implementation of treaty provisions, and to discuss and resolve questions or problems that may arise relating to compliance with, or possible circumvention of treaties. Additionally, these commissions and groups can make technical changes and amendments to the treaties, which could affect inspection and monitoring provisions, and result in an increase to the costs of implementation of the treaties.

The statement of managers accompanying the conference report on the National Defense Authorization Act for Fiscal Year 1994 (H. Rept. 103-357) directed the Department of Defense to notify the congressional defense committees in writing 30 days prior to U.S. agreement to any recommendations of the various consultative commissions that would result in either a technical change to the treaty affecting inspection and monitoring provisions, or that would increase costs of implementation. The advance notification is to include information on the effect of the change, and the contribution to the U.S. national security. The committee recommends the continuation of this practice and further recommends that the congressional defense committees be notified in advance of any technical changes or amendments to treaties that result in clarification of the definitions of understood meanings.

**SASC, p. 11**

Budget exhibits

The committee understands that the Department of Defense is considering making some major modifications to the procurement and research and development (R&D) budget exhibits. Some of these changes involve presenting R&D information, by project, in formats similar to those of the procurement display.

The committee applauds the efforts of the Joint Chiefs of Staff (JCS) to bring some order to the terminology for aircraft inventory management. The committee believes that this standardization was long overdue. The previous Service-unique accounting schemes led to much confusion. The committee also believes that information on the total overall aircraft inventories would be a useful addition to the budget documentation. Such displays would provide detail by the appropriate active and inactive inventory categories, as compared to the total inventory requirements approved by the JCS.

The committee believes that such changes could ultimately result in streamlining the budget review process, both for the Administration and the Congress. These changes could reduce the amount of time that is now wasted in reviewing the budget by people at all levels manually collating data from different sources, including asking (and answering) questions seeking to clarify factual data.

**SASC, p. 13**

DIVISION A-DEPARTMENT OF DEFENSE

AUTHORIZATIONS

TITLE I-PROCUREMENT

The recommendations of the committee for the procurement of various defense weapons and equipment appear in this title of the report.

EXPLANATION OF TABLES

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The tables in this title display items requested by the administration for fiscal year 1995 for which the committee either increased or decreased the requested amounts. Items that are not displayed have been approved by the committee in the amounts requested in the Department of Defense's budget justification documents. As in the past, the administration may not exceed the amounts approved by the committee (as set forth in the tables or, if unchanged from the administration's request, as set forth in the Defense Department's budget justification documents) without a reprogramming action in accordance with established procedures.

**SASC, p. 14**

Mission planning systems

The committee report on S. 1298 (S. Rept. 103-112) directed the Under Secretary of Defense for Acquisition to assemble a panel to survey all the mission planning systems currently in operation or in development in the Department; to identify those systems which utilize common data bases and computer models and those systems which require unique data and models; and to outline a plan for the consolidation and coordination of current and future mission planning systems. The committee was concerned that there has been little coordination among the Department's plans. The committee observed that the lack of coordination has produced multiple, redundant data base requirements.

The Department has submitted an interim response indicating that the proliferation problem may be much larger than anyone had realized. The committee had been told that there were at least 17 mission planning systems in development with no clear plan for coordination. The indications now are that there may be dozens, if not hundreds of such systems.

The committee encourages the Department to complete this review expeditiously. The Department can ill afford to delay getting this problem under control.

**SASC, p. 14**

Joint service imagery processing system

The committee is disturbed by the collapse of the joint Service imagery processing system (JSIPS). Each Service now appears to be proceeding unilaterally to acquire a deployable imagery processing capability. The committee directs that no deployable imagery processing system other than JSIPS be fielded unless and until there is formal agreement to a plan that will ensure that every such system will be compatible and interoperable. This plan shall be submitted to the congressional defense committees.

The budget request included \$22.4 million for RDT&E and \$47.6 million for procurement of the JSIPS program in fiscal year 1995. The committee understands that the restructured program will require \$28.3 million in RDT&E and \$41.7 million in procurement in fiscal year 1995. The committee recommends an authorization of these amounts in PE 35154D and in line 3 of defense-wide procurement, respectively. Corresponding decreases in Service procurement accounts are recommended to offset the additional amount in defense-wide procurement.

Programs included in the defense airborne reconnaissance program

The committee is concerned about the inconsistent criteria for including airborne reconnaissance programs under the management of the Defense Airborne Reconnaissance Office (DARO). The committee agrees that the DARO cannot practically absorb additional programs in fiscal year 1995, but directs that the Guardrail and ES-3 programs be included in the defense airborne reconnaissance program with the submission of the fiscal year 1996 defense budget request. The DARO director shall also inform the congressional defense committees of his evaluation of the arguments for and against inclusion of the Army's air reconnaissance low program, the Navy's reef point program, and the Navy's BGPHEs program.

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Global command and control system

The committee is pleased with the progress made by the Department of Defense in developing and validating the "C4I for the Warrior" concept, which was developed by the Joint Staff. This concept has been applied to the global command and control system (GCCS) program, which will replace the worldwide military command and control system (WWMCCS). The committee directs the Defense Information Systems Agency and the Services to curtail all but minimum, essential efforts in support of the WWMCCS system. WWMCCS maintenance (both hardware and software) should be undertaken only to correct or prevent critical failures. Resources made available through reductions in WWMCCS sustaining efforts should be redirected to the GCCS program.

**SASC, p. 43 (Defense Wide Proc)**

National Guard and reserve equipment

The committee has consistently and strongly supported the equipment modernization of the reserve components. In previous years, the committee has authorized additional funds for the National Guard and reserve components to procure the most modern combat equipment. Last year, the committee took the first steps toward refocusing these funds toward those activities that meet important military needs, and also enhance the capability of the reserve components to assist civilian authorities.

The committee continues to believe that the reserve components can make important contributions to this effort. The National Guard, which has a dual mission in support of the states, is particularly well-situated to assist civilian agencies in meeting civilian needs.

Therefore, the committee recommends additional funds for the National Guard and reserve components in broad categories, such as medical equipment, aviation and aeromedical equipment, construction and transportation equipment, and electronic and communications equipment, as outlined in the attached table. Last year, the committee noted the special situation for night vision devices. While some could consider these devices to have solely military missions, the committee notes that they apply to the civil mission of the National Guard and should be considered in that category.

To ensure that the funds are spent for the highest priority items, the committee directs that none of the funds in these areas may be obligated until the Chief of the National Guard Bureau and the head of each reserve component report on the proposed use of such funds in accordance with established reprogramming procedures.

**SASC, p. 45**

Improving the bomber force and preserving bomber options

The committee has demonstrated a steadfast commitment over the years to supporting, and initiating when necessary, the programs needed to ensure a robust and effective bomber force, including the needed weapons. Thus, the committee has strongly supported the recommendations in the Air Force "Bomber Roadmap" of June 1992. This report identified a requirement for 184 total bombers, armed with precision conventional munitions, to deal with a single major regional contingency (MRC) in which an enemy armored force had begun a short-warning invasion of the territory of an ally.

The new Administration undertook a comprehensive review of future force requirements necessary to successfully deal with a variety of possible contingencies. This Bottom-Up Review (BUR) ultimately determined that the United States should retain the capability to deal with two "nearly simultaneous"

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MRCs. The BUR also called for a total force of 184 bombers, in order to provide "100 deployable" heavy bombers for each MRC. This analysis assumes that the highly-capable and stealthy B-2s would be shifted from the first theater to the second, once that second MRC began to unfold.

The BUR identified important roles for bombers armed with advanced conventional munitions. It concluded that, under many short-warning scenarios, long-range bombers and carrier-based tactical aircraft would be the only U.S. forces available early in a conflict to help a beleaguered ally defend itself against an invading armored force. This long-range offensive strike capability would be operational while U.S. ground and tactical air reinforcements were being deployed to the theater, and waiting for their required logistics chain to be established. U.S. reinforcements might have to "fight their way in" against future theater air and missile threats.

Viewed in the context of these demanding requirements, the committee finds the Department of Defense's bomber force posture and funding proposals unacceptable:

- (1) The "Bomber Roadmap" and the BUR called for a force structure of 184 bombers, yet the budget request funds only 100 during fiscal year 1995, and only 80 thereafter. The committee believes this is inadequate to meet current and future requirements.
- (2) Four recent independent studies all find that the planned DOD force structure of 80 to 100 non-stealthy bombers with only 20 B-2s is inadequate to deal with two MRCs. DOD has been unable to offer a coherent and consistent explanation for these discrepancies.
- (3) DOD appears unwilling to consider options for interim precision weapons for bombers, preferring to wait until the end of the decade for the tri-Service standoff attack missile (TSSAM) and the joint direct attack munitions (JDAM) family of weapons. Should conflict be thrust upon the United States before then, the bomber force would have only "dumb" iron bombs available. The committee believes interim precision weapon capabilities for bombers are both feasible and an inexpensive hedge.
- (4) DOD has settled on a force structure and modernization plan before it has completed numerous ongoing analyses and tests that bear on those plans:
  - (a) The Nuclear Posture Review, which includes bomber requirements for maintaining nuclear deterrence, is still ongoing. The Secretary of Defense has testified that the bomber review is "unfinished business."
  - (b) The independent Roles and Missions Commission is examining bomber force structure tradeoffs with other military forces. The Commission will not submit its report on force structure tradeoffs until next summer.
  - (c) An important test of B-1B bomber operational readiness has just begun; results will not be available before next spring.
- (5) The committee believes that, if DOD intends to reduce the bomber force level to between 80 and 100 non-stealthy bombers, then more than 20 B-2 stealth bombers will be required to meet the demands of a two-MRC scenario. Yet the final B-2 bombers are moving down the assembly lines, and more and more subcontractors and facilities are completing deliveries. The production base for bombers is rapidly disappearing.

Thus, the committee found itself with many unanswered questions as it addressed the current budget request. The committee decided to set in motion a process to ensure that DOD and the committee will be better prepared to address bomber requirement issues during the fiscal year 1996 budget cycle. To accomplish this, the committee directs specific actions in the following subsections in order to:

- (1) preserve all bomber force structure options for one year;
- (2) preserve the bomber industrial base for one year;
- (3) receive the results of further bomber force structure and effectiveness analyses prior to next year's defense budget deliberations; and
- (4) begin procurement of improved interim conventional weapons for bombers.

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In summary, the committee recommendations would prevent DOD from retiring any B-52 or B-1 bombers this year, fully fund planned conventional upgrades for those bombers, preserve the B-2 industrial base for one year, initiate a program to acquire limited numbers of effective bomber weapons within the next two years, and direct numerous analyses to better prepare DOD and the Congress to decide future bomber force structure issues next year.

PRESERVATION OF BOMBER FORCE STRUCTURE OPTIONS

The committee has concluded that the planned bomber force level of between 80 and 100 is insufficient to meet current and future requirements, unless additional B-2 bombers are to be procured. Further, the ongoing Nuclear Posture Review is to address additional requirements for bombers to contribute to the maintenance of deterrence. The Roles and Missions Commission is to examine force tradeoffs including bombers. In other sections of this report, the committee also directs several independent studies of bomber issues. Therefore, the committee believes that all force structure options should be kept open at least through the next budget cycle.

First, the committee directs the Secretary of Defense not to retire any B-52H or B-1B bomber aircraft. All 95 B-52H and all 95 B-1B bombers (excluding one non-flying weapons-loading trainer B-1B aircraft) shall be retained, and any B-52H bombers transferred to Davis Monthan AFB before the date of this report shall be promptly returned to the Air Force Air Combat Command, for incorporation in an expanded B-52H attrition reserve. The committee understands that \$18.0 million in operation and maintenance funds is required in fiscal year 1995 to retain all 47 B-52H aircraft in attrition reserve status. The committee adds O&M funds for this purpose.

Second, although the Air Force plans to retain 26 B-1B bombers in attrition reserve status through the period of the Future Years Defense Program (FYDP), it has not funded the incorporation of either the conventional weapons upgrades or the new ECM system on those B-1s. Third, the Air Force has seriously underfunded the conventional improvements and ECM upgrades on the active inventory of B-1B bombers. This underfunding results in a one-year delay in the introduction of the JDAM family of weapons and a six-year delay in TSSAM capability on the B-1B, relative to their incorporation on B-52H bombers. The B-1B ECM program is also under-funded, resulting in a delay in installation until 2003. This, for the Air Force's self-proclaimed "backbone of the bomber force."

In the next FYDP submission, the committee directs the Air Force to fully fund the bomber conventional munitions upgrade programs for both B-1 and B-52 bombers, including funds for full modifications to all bombers proposed to be retained, whether in the active inventory or in an attrition reserve category. The committee understands this requires no increase in fiscal year 1995 funding, but will increase FYDP funding requirements for the B-1B bomber by approximately \$70 million, if all 95 B-1B bombers are retained.

The committee recommends fully funding the respective budget requests for RDT&E and procurement for fiscal year 1995 for the B-52H, the B-1B, and the B-2 bomber programs.

PRESERVING THE BOMBER INDUSTRIAL BASE

The committee has received testimony from Air Force and other witnesses regarding the desirability of maintaining an industrial base for the production of bombers, as DOD already is implementing for submarines, naval nuclear propulsion, and the tank industrial base. The committee also is in receipt of testimony and recent studies on the contributions that additional B-2 bombers could provide in future conventional conflicts. The committee is also aware of a proposal by the Northrop Corporation to produce a variant of the B-2 bomber that would have only a conventional weapons capability. Deletion of items on the B-2 related to nuclear missions would reportedly reduce the unit flyaway cost of a conventional-only stealth bomber by some \$25-30 million per aircraft.



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In view of the unsettled future requirements for heavy bombers, together with the additional studies and analyses of bomber force structure and industrial base options requested elsewhere in this report, the committee considers it prudent to recommend \$150.0 million in order to preserve a portion of the bomber industrial base for one year.

Funds appropriated pursuant to this authorization are to preserve tooling in ready status, preserve a production capability for spare parts within the lower-tier vendor structure, and develop detailed production plans for a conventional-capability-only B-2 bomber. Funds may not be used to procure any major structural B-2 item that would not be procured by the Air Force as an item of initial or sustaining spares. This recommendation would not authorize a twenty-second B-2 bomber; rather, it would allow DOD and the Congress time to gather further information on future bomber requirements, including industrial base requirements. Funds appropriated pursuant to this authorization would be exempt from section 131(d) of Public Law 103-160.

FURTHER BOMBER FORCE ANALYSES

The committee has directed bomber force structure questions to Department of Defense and other witnesses at more than a dozen hearings since the fiscal year 1995 budget request was submitted. The answers are, in totality, incomplete; many are inconsistent with others. The thrust of testimony from DOD witnesses is inconsistent with the published results of the Bottom-Up Review, as well as with the Air Force's 1992 "Bomber Roadmap", and with recent detailed analyses carried out by major defense contractors such as Boeing and Rockwell, by "think tanks" such as the RAND Corporation, and by respected independent analysts.

DOD has not revealed its own detailed analyses supporting its decisions to sharply reduce the bomber force structure. Nor has it attempted to refute any of the studies noted above, all of which call for substantially larger bomber forces than proposed in the budget request. Results of several of the independent studies show that a heavy bomber force reduced to the size and composition that DOD proposes to fund would be inadequate to prevent major losses in the opening phases of a two-MRC scenario, and would run high risk of failure even in single-MRC scenarios.

Given these substantial and unresolved differences between the new DOD bomber force levels and those derived in widely-available outside analyses, the committee is reluctant to make the irrevocable commitment to a smaller bomber force that would be brought about by approval of the current budget request for bombers.

Accordingly, the committee directs the Secretary of Defense to reconstitute the independent review group originally mandated under section 121(e) of Public Law 101-189 for the purpose of reconciling the analyses of bomber forces conducted by the Department in support of the Bottom-Up Review and the recent analyses conducted by outside experts. The committee is seeking to understand how such striking differences in overall outcomes can arise-whether they are the result of different assumptions about numbers of targets, or about warning and deployment times available, or about munitions effectiveness. The review group should also pay particular attention to assumptions about the length of time required to establish full supply lines to theater-based forces in the presence of a theater ballistic missile threat. The committee directs the Secretary to ensure full access by the independent review group to models, personnel involved, and assumptions used in Bottom-Up Review analyses, including the illustrative scenario presented to this committee at a classified hearing on March 9, 1994. The independent review group should provide its analysis and results in both classified and unclassified form to the Secretary and the congressional defense committees not later than February 1, 1995.

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Second, the committee urges the Roles and Missions Commission established by subtitle E of title IX of Public Law 103-160 to review thoroughly the capabilities of bombers and carrier-based air forces in the early phases of a short-warning MRC when enemy actions may constrain our ability to provide land-based tactical air power and ground force reinforcements. The committee believes that an important early contribution by carriers to the defeat of an armored incursion may reside in Navy combat air patrols (CAP) and suppression of organic enemy air defense assets (SEAD), allowing non-stealthy Air Force bombers to deliver large weapons payloads with improved survivability. Traditional tactical air support missions, such as CAP, SEAD, and jamming, may only be available from carriers until land bases can be secured and supply lines to the theater established.

The committee expects the Commission to also consider tradeoffs between more stealthy aircraft and fewer support assets such as those for CAP and SEAD, to reduce the deployment lift requirements, the personnel placed at risk in the theater of operations, and the extensive resupply requirements. The Commission should evaluate, in particular, the kinds of tradeoffs presented by the Air Force during testimony on the Department of Defense Authorization Act for Fiscal Years 1992 and 1993 (S. Hrg. 102-255, Pt. 7, p. 794).

The committee looks forward with keen anticipation to the recommendations of the Roles and Missions Commission, and hopes its findings will shed additional light on future bomber requirements in time for action on the fiscal year 1996 request. To ensure the Commission has adequate independent expertise, the committee also recommends a provision that would authorize the Commission to draw upon the capabilities of the Department's federally funded research and development centers during fiscal years 1994 and 1995, for up to \$20.0 million in assistance.

Third, by the Secretary's own admission, the need to maintain some sort of bomber industrial base was not well-analyzed in the BUR. The Congress has, on several past occasions, relied upon the RAND Corporation to examine sensitive aspects of the B-2 bomber program. The committee believes that this background and RAND's long experience in acquisition and industrial base research warrant its directing the Secretary of Defense to ask the RAND Corporation to conduct an independent analysis of the need for the Defense Department to provide some industrial base protection for future bomber production requirements, as it has already determined to be necessary for the submarine and tank industrial bases. The RAND analysis and recommendations for whether, and, if so, how, to preserve an industrial base capability for bombers should be provided to the congressional defense committees not later than March 1, 1995.

None of these outside efforts are intended to preclude the Secretary of Defense from continuing to evaluate bomber force structure and effectiveness options and tradeoffs; to the contrary, he is encouraged to do so. The committee hopes that the defense budget request for fiscal year 1996 and the accompanying FYDP will present a clear and coherent bomber roadmap to the Congress.

"INTERIM" CONVENTIONAL WEAPONS FOR BOMBERS

There are several possibilities for adding interim precision weapons capabilities to existing bombers. All would be limited in numbers and higher in cost than the precision munitions-the JDAM family of weapons-now in development for deployment near the end of the decade. The initial JDAM weapon, a guided 2000 lb. bomb, will greatly improve bomber effectiveness against fixed targets. However, it is not well-suited to defeat armored formations. Apart from the TSSAM, which offers both anti-armor submunitions and standoff delivery, bomber capabilities against armored incursions will remain limited into the next decade. Current tactical munitions dispensers (TMDs) containing anti-armor submunitions require low-altitude direct overflight delivery; as the British Tornado experience during Operation Desert Storm makes plain, this is a costly delivery tactic. The Air Force has announced plans to develop a "wind-corrected TMD" containing an inertial guidance unit, to allow delivery with some standoff capability from medium altitude and above of anti-armor submunitions from a wide variety of fighter and bomber aircraft. Unfortunately, the Air Force has yet to identify funding requirements for this approach and the planned initial operating capability (IOC) is not earlier than the end of the decade. Thus, this approach will not provide an "interim" capability.

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The interim weapons possibilities include the following: further conversions of the nuclear-armed air launched cruise missile (ALCM) to any of several improved conventionally-armed ALCM capabilities (CALCM); a limited purchase of additional GPS-aided munitions system (GAMS) R&D weapons being developed as part of the GATS/GAMS capability to be tested on both B-1 and B-2 bombers; and incorporation of brilliant anti-tank (BAT) anti-armor submunitions in a TMD for high-altitude bomber delivery against armored formations.

For the CALCM, there are three separate options, each with a different delivery date and cost: (1) a modest improvement on the CALCMs used at the beginning of Operation Desert Storm; (2) a major improvement including better stealth and a penetrating warhead capability; and (3) a more ambitious effort to incorporate various anti-armor submunitions (WAM, SFW, and/or BAT) in a significantly modified ALCM. Any of the CALCM versions would be deliverable by B-52s, B-1Bs and Block 30 B-2s, and would provide substantial standoff range for the non-stealthy bombers. The committee understands that ALCM missiles are in such over-supply that some 150 ALCMs have been sent to storage areas outside of main operating bases.

The GAMS options would continue the production of the weapon guidance kits beyond the 42 that will be required for the B-2 GATS-GAMS test program. Additional production of GAMS kits would provide additional test weapons for the B-2, and for the B-1B bomber if its radar is found suitable, providing a limited contingency stockpile of precision bomber weapons. Northrop has proposed to deliver 128 additional GAMS weapons kits starting in mid-1996, for \$25.0 million.

A third option is to explore delivery of the BAT submunition from a slightly-modified, unguided TMD, for delivery from medium altitude. The BAT submunition has a large target acquisition range and footprint, which could offset somewhat the effect of wind drift on a TMD descending from medium altitude. An interim approach using the BAT would be to test its capability in an unguided TMD to determine whether medium-altitude release of this weapon from a platform with self-contained precision target location capabilities (such as the B-2) could reliably place the unguided dispenser within the lethal range of the submunitions. It appears this concept could be demonstrated and flight tested by mid-1996 for about \$25.0 million. If these tests were successful, interim BAT/TMD weapons could be available by late 1997.

Of the interim options discussed above, the committee considers all but the second CALCM option to be worth pursuing vigorously, under streamlined acquisition procedures to ensure early availability of interim weapons. Three hundred of the CALCM-I version could be delivered during the last half of 1996 and the first half of 1997 at a unit cost of less than \$200,000. If an early demonstration of the anti-armor version of the CALCM were successful, 300 CALCM-III weapons could be delivered in late 1997 and 1998, at a unit cost of about \$400,000. Therefore, the committee recommends \$40.0 million for modifications to demonstrate the capability to dispense anti-armor submunitions from a modified ALCM, develop in-flight targeting updates for a proposed CALCM-III missile, and begin conversion of existing ALCM missiles to the CALCM-I configuration. The Air Force is authorized to procure up to 100 CALCM-I missiles with the recommended funds. The committee expects the Air Force to request both adequate funds to demonstrate the CALCM-III concept, and to procure an additional 200 CALCM-I missiles in fiscal year 1996, so long as the contracted unit price per missile for a lot of 300 conversions remains below \$200,000 per missile, not including government-furnished equipment. The committee expects the Department to negotiate a firm fixed-price contract for the additional CALCM-I conversions.

The committee also recommends \$25.0 million to procure an additional 128 GAMS kits, in order to provide an interim capability for B-2 and, should GATS tests prove successful, B-1 bombers.

The committee further recommends \$25.0 million to conduct a flight-test demonstration of the possibility of delivering BAT submunitions with sufficient accuracy from an unguided TMD released from medium altitude.

The committee stresses to the Secretary of Defense the urgency it attaches to all of these interim weapons proposals, and directs him to ensure that these programs are carried out expeditiously, under streamlined acquisition procedures, and with a minimum of bureaucratic red-tape.

The committee observes that, even if all of the programs discussed above were successfully carried to fruition, the resulting inventory of interim precision weapons would be modest-no more than a few sorties per bomber. Therefore, the committee sees no need to increase the planned bomber force structure from the proposed level of 40 active B-52H and 60 active B-1B bombers, until such time as JDAM and TSSAM deliveries have increased the available precision munitions stockpiles.

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Finally, the committee directs the Secretary to evaluate the recommendation by the RAND Corporation contained in testimony before the committee that the JDAM program be extended to include 1,000-lb. and 500-lb. iron bombs. The Secretary shall provide to the congressional defense committees a report on the cost-effectiveness of this action not later than April 30, 1995.

**SASC, p. 54-61**

TITLE II-RESEARCH, DEVELOPMENT, TEST AND EVALUATION

The recommendations of the committee for the research, development, test and evaluation of various defense weapons and equipment appear in this title of the report.

EXPLANATION OF TABLES

The tables in this title display items requested by the administration for fiscal year 1995 for which the committee either increased or decreased the requested amounts. Items that are not displayed have been approved by the committee in the amounts requested in the Department of Defense's budget justification documents. As in the past, the administration may not exceed the amounts approved by the committee (as set forth in the tables or, if unchanged from the administration's request, as set forth in the Defense Department's budget justification documents) without a reprogramming action in accordance with established procedures.

**SASC, p. 63**

Aircraft ejection seats

Aircraft ejection seats must be designed to extricate pilots from aircraft in emergency situations. Designers must make trade-offs between reliably ejecting large pilots and risking serious injuries to smaller pilots. A seat that has enough energy to eject the largest pilots may seriously injure smaller pilots. A seat with reduced energy that will not injure smaller pilots may not have enough energy to extricate larger pilots.

The committee understands that new technologies, including some deriving from the ballistic missile defense programs, could have promise for automatically varying the explosive forces acting on ejecting pilots. The committee believes that this technology could reduce the incidence of serious, career-ending injuries. The committee directs the Secretary of the Air Force, in consultation with the Secretary of the Navy, to report to the congressional defense committees on the potential for applying new technologies to ejection seats. This report should address the maturity of the technology for improving ejection seat performance, the programs for improving ejection seats that are supported in the budget, and whether there are opportunities for modifying existing seats to improve their performance. The Secretary should submit this report by May 1, 1995.

**SASC, p. 92 (AF RDT&E)**

Acquisition infrastructure

The committee is aware of the difficulty of reducing the acquisition infrastructure of the Department of Defense as the size of the Department declines and its missions change. The committee is also aware of the difficult political issues involved in closing installations and moving units from one location to another.

Despite these difficulties, the Administration has tried to reduce its acquisition infrastructure as its need for research, procurement, and testing has declined. These efforts are laudatory. Unfortunately, the complexities of interagency coordination, the fear of political resistance, the natural desire for agencies to hold on to

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infrastructure long past its need, the changing missions of the Department, and other factors have combined to slow the consolidation of infrastructure assets needed to implement real reductions. The result is a continuing burden of maintenance and operating costs that are seriously eroding the buying power of the Department's declining RDT&E resources.

In light of this situation and the fact that the Administration has ignored the committee's requests for planning information on infrastructure needs, the committee has no alternative but to reduce funding for the RDT&E infrastructure accounts to achieve savings the Department seems incapable of achieving on its own. Therefore, the committee recommends a reduction in the Administration requests for acquisition and T&E infrastructure funding by \$166.0 million and reallocates the resulting savings to high priority science and technology projects.

**SASC, p. 96 (Defense-wide RDT&E)**

Software reuse and technology transfer

In 1993, the committee recognized the importance of making the United States more competitive globally by improving methods to reuse existing software programs in additional applications and to develop software. The committee endorsed the initiative by the Advanced Research Projects Agency (ARPA) to promote new activities involving cooperative agreements with existing software consortia and authorized funding for these efforts.

The committee is pleased with the reuse technology adoption program, a project funded by DARPA to advance software reuse and technology transfer, to protect U.S. software technological advances, and to strengthen future U.S. competitiveness. In order to continue this software reuse initiative and protect this vital technological resource, the committee recommends that \$7.5 million of the funds authorized in PE 62301E be used for the continuation of the reuse technology adoption program within the consolidated DOD software initiative.

Flat panel displays

The committee supports the initiative announced by Deputy Secretary Deutch on April 28, 1994 on flat panel display technology. The initiative seeks to tap the rapidly growing commercial flat-panel market to meet the DOD requirement for early and reliable access to affordable, leading-edge flat-panel display technology for insertion in weapons systems and command and control systems. The Pentagon cannot meet that requirement from current or projected off-shore suppliers. Unfortunately, American firms are not manufacturing leaders at this time, even though they are technology leaders, in part because of the \$300.0 million investment by the Advanced Research Projects Agency (ARPA) in flat panel R&D since 1989. The Pentagon initiative seeks to address this problem.

The initiative is consistent with the statutory commercial-military integration policy for the national technology and industrial base (section 2501 of title 10, United States Code) and with the recommendation in the committee report on S. 1298 (S. Rept. 103-112) that ARPA "leverage private sector investments wherever possible through cost-sharing research partnerships" in display technologies.

To meet the Department of Defense's requirement for a responsive, affordable manufacturing capability, the Department is planning to limit a portion of its research investment in flat panel technology to firms committed to volume manufacturing for the commercial marketplace, just as DOD limits other research investments such as semiconductors and aircraft to firms capable of producing the results of the research. Such firms can compete for cost-shared funding of research on next-generation technology through the technology reinvestment program.

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Another component of the DOD initiative is to provide matching funds for two pilot flat panel manufacturing lines selected as a result of a 1993 ARPA competition. Questions have been raised about the use of Defense Production Act Title III funds to support part of the cost of the second pilot line. In order that this issue not delay the initiative, the committee adds \$25.0 million in PE 602708E to fund the second line from R&D funds, in lieu of Defense Production Act Title III funds.

**SASC, p. 98-99**

Continuous fiber metal matrix composites

Fiscal year 1995 would be the fifth and last year of a five-year program to develop a manufacturing capability for continuous fiber metal matrix composites. The committee is again disappointed that the Administration did not fund this project despite the Administration's plans to use this technology in advanced jet engine blade development. The committee recommends an authorization of \$17.0 million in PE 62712E for the final year of this work.

**SASC, p. 99**

Medical research

The committee supports the decision made by the Department of Defense to carry out medical research relating to the service of women in the military in a decentralized fashion rather than through the establishment of a center at a single DOD medical facility. The committee supports the proposed tri-Service research program on women's health with the Army serving as the executive agency. The committee recommends a provision that would provide a statutory charter for the program and adds \$40.0 million to PE 63002D to continue the program in fiscal year 1995.

It is clear to the committee that the increasing participation of women in the military and the integration of women into combat and combat support roles have created new requirements for medical research. These requirements span the military services and are insufficiently addressed by the much larger medical research programs of the Department of Health and Human Services (HHS), which focus on the general health care needs of the American population. Requirements include research on combat stress and trauma, on exposure to toxins and environmental and occupational hazards associated with military service, and on patterns of illness in military servicewomen.

The key to the defense women's health program, as it is for the rest of the DOD medical research program, is to focus limited DOD resources on the specialized needs of servicemembers related to their military service and to leverage, not duplicate, the \$11.5 billion annual research program of the National Institutes of Health and the \$2.0 billion annual investment of the Centers for Disease Control and Prevention. Despite the size of those investments, there are significant areas, such as tropical diseases and combat trauma, in which HHS underinvests in relation to the needs of servicemembers, and the DOD medical program must fill the gap. The committee is especially concerned, for example, that DOD conduct adequate research into the possible mental and physical threats that women may face if they become prisoners of war.

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Consistent with that strategy, the committee fully supports the DOD efforts to develop artificial blood and to find vaccines and treatments for diseases such as dysentery, malaria, dengue fever, anthrax, and the Gulf War syndrome. The committee recommends an additional \$2.0 million in PE 63002A for continued research into the nature and treatment of the Gulf War syndrome, and directs the Department of Defense to ensure that it fully coordinates its research with that conducted by the Department of Veteran's Affairs to avoid duplication and to share in the results of research.

**SASC, p. 104**

Advanced short take-off and vertical landing (ASTOVL) aircraft

The Defense Department's Advanced Research Projects Agency (ARPA) is developing an advanced short take-off, vertical landing (ASTOVL) aircraft. The committee continues to support the ARPA ASTOVL program. The committee is concerned, however, for two reasons: (1) coordination between ARPA and the joint advanced strike technology program (JASTP), and (2) continuation of the direct-lift technology efforts that the Congress funded last year.

The committee believes that the ASTOVL program could be a strong contender for funding among the JASTP efforts. The ASTOVL program has the potential for providing airframes, engines, and avionics that could be completely common among Navy, Marine Corps, and Air Force applications. The committee believes that the ASTOVL program is still appropriately managed by ARPA, at least until the completion of the current phase of the program. However, the committee would like the full assurance of the Department that ARPA and JASTP are completely coordinating their efforts to ensure a smooth transition if the technology shows the appropriate level of maturity in fiscal year 1996.

In the meantime, the committee believes that the investigation of direct lift technologies should continue. Last year, the committee noted that ARPA had chosen, because of tight fiscal constraints, to investigate only two competing technologies based on lift fans: shaft-driven fans and gas-driven fans. The committee understands that this has caused ARPA to stop investigating direct-lift STOVL concepts.

The committee still has no favorite STOVL concept. However, the committee believes that the importance of achieving advanced STOVL/conventional take-off and landing technology means that the Department should investigate all reasonable lift concepts early in the program. Accordingly, the committee recommends the addition of \$10.2 million to the ASTOVL project to continue critical technology validation of the ASTOVL direct-lift concept.

**SASC, p. 106**

Information systems

INFORMATION SYSTEMS SECURITY

Over the last six months, unknown intruders have repeatedly gained entry into computers and computer networks at numerous, sensitive military installations. The intruders took control of computers that directly support deployed forces and research and development, installed capabilities to ensure they could reenter the computers at will, read and stole data files (including software under development for future weapons systems), and, in some cases, destroyed data files.

These intruders gained access through the Internet, which the President envisions as the basis for the information superhighway. These intrusions dramatize the grave risks involved in the expanding dependence of the Department of Defense, the federal government as a whole, and the entire nation on networked computers. Such networks control financial transactions, energy distribution, the public-switched telephone system, and the transportation sector, to name a few. Within the Department of Defense, such networks support the financial, logistics, procurement, personnel, and other functions critical to national security. With almost no security protections, the nation faces the prospect of potentially grievous assaults by even small groups with limited resources.

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The committee's concern for the security of the defense and national information infrastructure is supported by the findings of the Joint Security Commission appointed by the Secretary of Defense and the Director of Central Intelligence. The Commission stated in its report of February 28, 1994, "Redefining Security", that it believed "... the security of information systems and networks to be the major security challenge of this decade and possibly the next century and believes that there is insufficient awareness of the grave risks we face in this arena."

To address this challenge, the Commission recommended an information systems security investment strategy with the goal of applying five to 10 percent of the costs of infrastructure development and operations to ensuring the availability, confidentiality, and integrity of information. Using this yardstick, DOD should be investing between \$500.0 million and \$1.0 billion annually to protect its information systems. In contrast, DOD plans to spend about \$19.0 million on information systems security in fiscal year 1995. The committee is prepared to accept that \$1.0 billion is too much, but it is certain that \$19.0 million is far too little. The committee is very reluctant to mandate a certain percentage allocation to security, but is prepared to apply a blunt instrument if the Department continues to ignore this problem. Even if the needed investment must come from existing budgets, and therefore at the expense of capabilities, the committee believes it must be done. After all, sacrificing some capability to achieve assured availability is better than having a fully capable information system that is completely vulnerable.

It is not enough, however, to protect just the DOD information infrastructure. Achieving the larger objective of protecting the federal and national information infrastructure will be more costly and take more time. DOD, however, can contribute significantly to this goal by developing products, procedures, and training standards. Affordable, effective products and procedures would then be available for the private sector and the federal government.

The committee notes that the problem cannot be solved simply by money. As the Joint Security Commission observed, serious policy, organizational, and management problems must be overcome. The Commission recognized that dealing with these issues will require some centralized oversight and focus. The Commission suggested that the Defense Information Systems Agency (DISA) is the logical organization for this role. Indeed, DISA has already formed the Center for Information Systems Security, in conjunction with the National Security Agency (NSA). NSA is the logical organization to develop information systems security products for the Department of Defense, regardless of the classification of the information that is processed within the networks.

The committee is fully aware of the controversy surrounding the Administration's policy on encryption technology and exports. The committee recognizes the problems with this policy and with the specific proposed technical solution, known as the "Clipper Chip." The committee concludes that this policy should be supported by Congress, but urges the Administration to develop viable alternatives that are more acceptable to the private sector as soon as possible. The committee believes that the intelligence and law enforcement agencies and the private sector must over the long-term develop good working relations to achieve the twin goals of U.S. competitiveness and security.

#### MERGING DEFENSE AND CIVIL TELECOMMUNICATIONS

A related issue concerns DOD and General Services Administration (GSA) investigations of the potential for greater cooperation between the Defense Department's telecommunications program and FTS-2000. The committee encourages such investigations in the hope that savings and progress towards a unified national information system can be achieved. The committee also recognizes that U.S. military forces continue to require secure, robust, and resilient telecommunications for wartime command and control. To enable the Department to ensure that its unique requirements would be met, the committee supported the Warner amendment to the Brooks Act. The committee is concerned that DOD has not adequately addressed the effect of a merger on its requirements for information security, redundancy, and wartime surge.

Accordingly, the committee recommends a provision that would prohibit DOD from taking actions to merge Warner-exempt telecommunications activities with FTS-2000 until the Secretary of Defense certifies that DOD requirements can be met. The requirements in question include information security.



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REPORT

The committee directs the Secretary of Defense to submit a report to the congressional defense committees by March 1, 1995, that includes a management and funding plan for securing the Defense Department's information infrastructure and plans for modernizing DOD telecommunications networks.

Additional guidance is contained in the classified annex to this report.

**SASC, p. 111-113**

Endurance unmanned aerial vehicles

The committee is greatly concerned about unmanned aerial vehicle (UAV) proliferation. While the medium-range UAV has been terminated, many new long-endurance UAVs have been added. More yet are being proposed.

Last year, Congress approved two demonstration UAV programs: a medium-altitude UAV, referred to as Tier II, and a high-altitude endurance UAV, referred to as Tier II+. Each of these endurance UAV initiatives is cast as a demonstration designed to test technology, cost, and utility. Each demonstration is planned to be conducted within about two years. The difference between Tier II and Tier II+ is merely the degree of complexity, altitude, and area coverage. The statement of managers accompanying the conference report on the National Defense Authorization Act for Fiscal Year 1994 (H. Rept. 103-357) specifically limited the Tier II program to a scope of not more than 10 air vehicles and three ground stations.

The committee has since agreed to a Department of Defense request to reprogram prior-year funds to initiate another high-altitude endurance UAV demonstration, referred to as Tier III-. DOD has also requested that \$37.0 million in funds requested for the Advanced Research Projects Agency (ARPA) for evaluation of major experimental technology (\$32.0 million) and manufacturing technology (\$5.0 million) be transferred to the Defense Airborne Reconnaissance Office (DARO) program in fiscal year 1995. The committee recommends an additional \$37.0 million for DARO RDT&E and a corresponding decrease to the ARPA programs.

The committee has agreed to these changes with reservations. All three of these programs have been approved as demonstrations of various endurance UAVs, intended to field small numbers of test vehicles to evaluate their utility, concept of operations, cost and performance. At this point, the Department has not requested an acquisition program per se. The Tier III- program is also just a demonstration program. It is, however, a much more ambitious effort attempting to achieve cost reductions from previous estimates for a platform of that type. The committee notes that the non-recurring cost to develop test articles of this platform would pay for the procurement of a large number of conventional endurance UAVs. The committee is not convinced that all of these programs are required to demonstrate the value of an endurance UAV capability.

The committee therefore reserves judgment on additional funding for Tier III-, until the House-Senate conference on this Act, in the expectation that additional information will be available on which to base a decision. The committee will not support this effort, or the Tier II+ program, without strict control of costs and requirements. The entire concept of fielding these systems rests on having large numbers of platforms and being able to afford losses of aircraft.

Furthermore, the committee believes that the baseline program, Tier II+, is clearly the more important of the two initiatives. The committee considers the Tier III- initiative to be only a complement to the Tier II+ program, because of its smaller payload and coverage capabilities.

The committee understands that the Joint Staff has been receiving requests from various combatant commands to procure many endurance UAVs for operational deployment. Evidently, some of the commands believe that essentially off-the-shelf UAVs with simple sensors will meet their requirements and are needed immediately. If the Secretary of Defense agrees with the commands, the committee sees no need for a series of expensive technology demonstrations for more sophisticated UAVs. The Department is already requesting to spend over \$500.0 million over the Future Years Defense Program in RDT&E on endurance UAVs. These funds could be used to procure many off-the-shelf UAVs.

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The committee rejects any proposal to procure additional so-called Tier II medium altitude endurance UAVs beyond the 10-vehicle program agreed upon last year, unless (1) the Department decides that existing systems are good enough, and (2) that RDT&E on future systems can be deferred. If events warrant, the committee believes that the 10 Tier II vehicles should be made available for operations, much as the developmental joint surveillance and target attack radar system (JSTARS) was used in Operation Desert Storm. Moreover, the committee believes that many current assets could better perform the functions envisioned for additional near-term vehicles.

The committee stresses that one office for endurance UAV development and acquisition should serve the intelligence and operational requirements of the Director of Central Intelligence and the Secretary of Defense. This is consistent with the joint decision on the overall division of labor between the national foreign intelligence program and the Department of Defense.

**SASC, p. 113-115**

**SR-71 contingency**

The committee is concerned about tensions on the Korean peninsula and seeks to ensure that adequate warning and surveillance capabilities are available in that theater. The committee is informed that the SR-71 surveillance aircraft could be brought into service on a contingency basis for as little as \$100.0 million. The committee would support this initiative if the costs are acceptable and if a viable contingency capability can be acquired.

The committee notes that the SR-71 was retired strictly for budgetary reasons. The aircraft would still be practically invulnerable and could provide substantial reconnaissance support. The committee notes that the National Aeronautics and Space Administration continues to operate several SR-71s, and that the costs of the program are very modest. The committee sees no reason, in principle, why the Department of Defense could not also operate the SR-71 in an austere manner that would provide a contingency capability at an affordable price.

The committee therefore recommends \$100.0 million for the SR-71 contingency, split equally between the national foreign intelligence program budget and the tactical intelligence and related activities aggregation. The committee directs the Defense Airborne Reconnaissance Office program manager to report to the congressional defense and intelligence committees prior to the House-Senate conference on this Act on his estimate of the costs and benefits of an SR-71 contingency capability.

**Unified signals intelligence system**

The committee continues to discover examples of failure to inform Department of Defense officials with a clear need-to-know of the unified signals intelligence (SIGINT) sensor development program. Furthermore, the committee was told last year that this program would be removed imminently from a restrictive security compartment, but this has not occurred. Accordingly, the committee directs that this program be de-compartmented as quickly as possible. The committee will monitor progress towards this end and may propose a legislative provision in the House-Senate conference on this Act if progress is not evident. While it supports the unified SIGINT sensor program, the committee is concerned about its escalating costs and expects the Department of Defense to get costs under control.

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Marine Corps reconnaissance data link

The committee intends to cancel the Marine Corps advanced tactical airborne reconnaissance system (ATARS) program in 1995 unless the fiscal year 1996 budget request includes funding for a data link capability for the program. The committee understands that a large number of data links are available from the terminated Air Force ATARS program, but that the Marine Corps does not plan to use them because its proposed ground stations would not be designed to use the data link. The committee concludes that this Marine Corps proposal makes no sense. The Marines will need a data link to conduct surveillance before going ashore. Once ashore, other Services will require the capability to receive and process ATARS imagery. The Marines' proposed ground station also is so austere that additional processing and exploitation assistance will often be necessary. The Marines will not receive such assistance unless they have a data link and perhaps a relay capability.

Short- and close-range unmanned aerial vehicles

The Army has completed a cost and operational effectiveness analysis (COEA) of the close-range unmanned aerial vehicle (UAV) that indicates that a mix of close- and short-range UAVs is more cost-effective than an all short-range UAV force and that a smaller, cheaper UAV designed to meet brigade commanders' needs is the most effective and efficient way to meet the requirement.

The committee directs the Defense Airborne Reconnaissance Office (DARO) program manager to evaluate the Army's COEA and report the results of this examination to the congressional defense committees. The program manager's evaluation should also assess the merits of an alternative concept for support of Army brigades in which short-range UAVs operated at higher echelons would be used to support brigades. If the program manager agrees with the Army's COEA that a mix of close- and short-range UAVs is more cost-effective, the committee expects the program manager to explain why the Marine Corps' plan to procure only short-range UAVs makes sense.

Testbed aircraft

The committee continues to support acquisition of a testbed aircraft for testing and demonstrations of the unified signals intelligence (SIGINT) system and other airborne reconnaissance technologies. The committee is concerned that the defense airborne reconnaissance program (DARP) manager will not be able to assess and demonstrate progress in applying such technologies to multiple platforms without a testbed platform. The committee notes that Congress appropriated \$12.5 million for an RC-12 training aircraft for the Guardrail program for which the Army has no requirement. The General Accounting Office (GAO) has identified these funds for rescission, and points out that the Army has proposed reprogramming the funds. The committee directs that these funds be spent to acquire the services of a testbed aircraft for the DARP.

Multi-spectral imaging

The statement of managers accompanying the conference report on the National Defense Authorization Act for Fiscal Year 1994 (H. Rept. 103-357) expressed concern over Department of Defense plans to terminate ongoing multi-spectral imaging sensor development for reconnaissance aircraft. Since then, the Department has also terminated its participation in the Landsat remote sensing program, including the high-resolution multi-spectral sensor adjunct. The committee notes that

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multi-spectral imagery (MSI) provided important and, in some cases, unique mapping and surveillance support in Operation Desert Storm. The committee continues to believe that MSI could prove to be an extremely useful intelligence technology.

Despite its decision to terminate the ongoing MSI program for current reconnaissance aircraft, the Defense Airborne Reconnaissance Office (DARO) and the National Reconnaissance Office (NRO) continue to express interest and support for continued research and development on MSI technology. The committee believes that the two organizations should formally coordinate their studies and activities on MSI technology. The committee also believes that the Department must determine the value of MSI for military operations, counter-proliferation, counter-narcotics, technical intelligence, mapping and geodesy, and other national security missions. Such an assessment must be conducted in order to guide and justify research and development activities. The committee therefore directs the Under Secretary of Defense for Acquisition and Technology and the Director of Intelligence Community Affairs to undertake a joint assessment of MSI technology and report to the congressional defense and intelligence committees by May 1, 1995.

The committee also directs that \$10.0 million of unobligated funds authorized and appropriated for the terminated Landsat program be competitively awarded by the DARO program manager for continued research and development on MSI sensors for airborne reconnaissance.

The committee does not believe, however, that these funds would be wisely spent in continued development of exquisite stabilization for aircraft platforms to achieve wide-area imaging capability. The committee is aware that tremendous progress has been made in this area. Heroic as these accomplishments have been, it is doubtful whether they will ever be inexpensive or light enough to be proliferated in the large number of unmanned air vehicles that make up the core of the new airborne reconnaissance architecture. The committee is convinced that the U-2 aircraft remains a valuable and viable reconnaissance platform and is mindful of the need to invest in improvements to the U-2, including improved digital imaging capabilities. Investment decisions, however, should take account of other programs and relax requirements accordingly.

**SASC, p. 115-117**

C3I intelligence program

The committee notes that PE0305190D contains \$16.0 million for a classified counterproliferation computer database system. The committee is concerned that computer database systems currently within the federal government for intelligence, nonproliferation, and export control requirements have not been adequately reviewed. The committee recommends that the intelligence and communications architecture (INCA) project office review existing computer database systems within the intelligence community to see if these systems are capable of being integrated and linked to each other. The committee also recommends that INCA include in its review existing computer database systems and software programs at the Service and DOE national weapons laboratories.

The committee believes that existing resources of the federal government and the national weapons laboratories should be leveraged prior to the development of new systems. Because of the synergies expected by executing the program this way, the committee denies the budget request for the classified counterproliferation computer database system. In the event INCA concludes that existing systems within the intelligence community cannot be integrated and linked together to provide this system, the committee will consider requests by the Department of Defense for funding during fiscal year 1995 or fiscal year 1996.

**SASC, p. 117**

Tactical anti-satellite program

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The committee expresses its concern over the Defense Department's failure to comply with statutory guidance on the kinetic energy anti-satellite (KE-ASAT) program.

The National Defense Authorization Act for Fiscal Year 1993 directed the Secretary of Defense to update the operation requirements document (ORD) on the KE-ASAT program, making program changes as necessary, and submit both the ORD and an accompanying report to the congressional defense committees by March 15, 1993. The report has not been provided.

The National Defense Authorization Act for Fiscal Year 1994 converted the KE-ASAT program to a tactical anti-satellite technologies program and authorized \$10.0 million to continue engineering development of the most critical anti-satellite technologies. The Defense Department was prohibited from spending the funds until it submitted the delinquent report and an accompanying certification by the Secretary that there is a requirement for an anti-satellite program. The Department has failed to comply with this direction.

The committee reiterates its deep concern over the increasing number of rogue and potentially hostile nations who are gaining access to satellites and space asset data of a militarily significant quality. Moreover, numerous nations are developing indigenous space launch capabilities that are virtually immune from export control. The committee shares the views of the Air Force Chief of Staff and Commander in Chief of the U.S. Space Command that counterspace systems are clearly and unequivocally required to deal with the evolving space threat. Control of space in the future will be every bit as important as control of the sea and air today.

Mindful of these considerations, the committee directs the Secretary to comply with last year's legislation.

**SASC, p. 121**

#### Satellite communications

The National Defense Authorization Act for Fiscal Year 1991 directed the Secretary of Defense to terminate the Milstar communications satellite program or restructure it to reflect changing military requirements and reduced defense budgets. The committee concluded that the requirements for Milstar at that time placed excessive emphasis on survivability in a prolonged strategic nuclear war and insufficient emphasis on the needs of tactical, conventional military forces. In addition, the committee believed that the program was too expensive. The committee's position prevailed and forced the Department of Defense to fundamentally restructure the Milstar program.

This restructuring eliminated nuclear warfighting capabilities and other outdated capabilities, dramatically improved capabilities to support the tactical, conventional forces of the Army and Navy, reduced the constellation size from eight to six satellites, and reduced life-cycle costs by 25 percent. As a result, the Army and the Navy, and the combatant commands charged with responding to regional security threats, became strong supporters of the Milstar program.

Subsequently, former Secretary of Defense Cheney further reduced costs substantially by reducing the constellation size from six satellites to four. Secretary Cheney also approved requests to Congress for funds to begin to develop a smaller and cheaper satellite to perform the Milstar mission early in the next century. This satellite concept would have used miniature electronics and other advances not available when Milstar was first developed, and would have led to the

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development of a "common bus" for a variety of communications payloads. In the appropriations process, however, Congress denied these requests for several years, on the grounds that such efforts were premature given that the first Milstar satellite had not been launched.

The Bottom-Up Review (BUR) conducted by Secretary Aspin specifically reaffirmed the need for Milstar despite its cost. The BUR addressed the following specific issues: whether Milstar was affordable; whether an advanced satellite concept could be developed in time to eliminate the requirement for all or some of the planned Milstar satellites; and whether DOD could do without the capabilities Milstar would provide until the advanced system could be fielded. The BUR concluded that the technologies for replacing Milstar with a cheaper satellite were not mature enough to accelerate appreciably and that DOD tactical forces could not wait another 10 years for jam-resistant satellite communications. The BUR also concluded that the advanced satellite concept initiated by the previous Administration should be vigorously pursued and should replace Milstar by the middle of the next decade. This action resulted in additional cost savings in the Milstar program, so that Milstar now will cost less than half of its projected cost in fiscal year 1991. The committee believes that the BUR examined the right issues and the committee accepts the BUR findings.

However, the General Accounting Office (GAO) has asserted that the advanced extremely high frequency (EHF) satellite planned to replace the Milstar series can in fact be accelerated by at least several years at acceptable risk; therefore, DOD could forgo procurement of the last two Milstar II satellites. The committee directs the Secretary of Defense to assess the GAO findings and report to the congressional defense committees at the earliest possible date, but no later than December 15, 1994.

The committee is convinced that the jam-resistant digital communications provided by Milstar are very important to tactical, conventional forces and that no near-term alternative to Milstar could provide this capability. The committee is also convinced that Milstar would have been canceled abruptly if it had not been strongly supported by the Chairman of the Joint Chiefs of Staff, the Army, the Navy, and the combatant commands for the tactical capabilities it now provides.

The committee does believe, however, that the Milstar program management should be changed from the Air Force to the Navy. When Milstar ceased to be primarily a strategic nuclear system, and the strategic threat receded dramatically, the Air Force lost interest in the program because it provides little additional capability to deployed tactical air wings. The Air Force faces a very minimal jamming threat to its air bases located in the rear. In contrast, the Navy and the Army must operate in close proximity to enemy forces, and must have protected communications.

The Air Force has proposed termination of the Milstar program many times in recent years, over the objections of the other Services, the Office of the Secretary of Defense, and the combatant commands. When the Air Force wasn't trying to undermine the program, it was complaining about having to pay for the system by itself, without contributions from the other Services. The Air Force has taken this position even though it always argues that it should be the lead Service for all space programs. Indeed, most recently, the Air Force has proposed that it become the sole acquisition authority for space programs. The committee doubts that Air Force actions on the Milstar program will inspire confidence within the Department that the Air Force can be trusted with a monopoly on funding and managing space programs of common concern.

The committee recommends a provision that would require the Secretary of Defense to shift management of the Milstar program to the Navy over the next year. The provision also would require the Secretary to transfer all programmed outyear resources along with the program management responsibility.

The committee notes that replacements for the defense satellite communications system (DSCS) and the ultra-high frequency follow-on (UFO) satellite will have to be deployed around the same time as the advanced extremely high frequency (EHF) Milstar follow-on. The committee believes that DOD must seriously

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address the issue of consolidating these separate satellite systems and frequency bands on a common satellite, or at least a common bus, and manage them in an integrated fashion. The committee believes furthermore that DOD must seriously examine the military requirements that must be met by a dedicated military satellite and those that could be met by buying or leasing commercial satellites. DOD also must determine the long-haul communications for regional conflicts that must be carried by satellite and those that could be shifted to the emerging global fiber-optic cable network. Finally, DOD must determine the extent to which future military satellites will be dedicated to serving mobile, battlefield users within a theater.

DOD currently plans to develop an operational requirements document and an architecture for the advanced EHF system over the next several years. The committee believes that DOD should instead expand this effort to address the issues raised above. The committee directs the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence to submit a report on this expanded study by March 1, 1996.

The fiscal year 1995 budget request included \$9.4 million to begin development of an improvement to the existing DSCS satellites. This improvement would at best be available for deployment on only the last few satellites in the DSCS III constellation, and would cost several hundred million dollars to acquire. The committee believes that the benefits of this initiative do not justify the cost and that there are other higher priority problems facing the Department of Defense. The committee therefore recommends no authorization for this program.

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#### Space launch

The National Defense Authorization Act for Fiscal Year 1994 required the Secretary of Defense to provide to Congress a space launch modernization road map. The Secretary has provided a report to Congress on options, but plans to wait until fiscal year 1996 to submit a detailed modernization plan since the report was completed after submission of the fiscal year 1995 budget request. The committee believes that the report, as submitted, provides a sufficient basis for initiating action in fiscal year 1995.

The Secretary's report recommends that a division of labor should be established between DOD and the National Aeronautics and Space Administration (NASA). DOD should be assigned lead responsibility for expendable launch systems while NASA should take the lead in developing technology for reusable launch vehicles. Given the dismal history of joint DOD-NASA space programs, the committee firmly believes that funding and management responsibilities must be clearly demarcated. Accordingly, the committee recommends a provision that would transfer to NASA funds appropriated for fiscal year 1994 for single-stage rocket technology that remain unobligated or unexpended.

DOD believes that, given current budget limitations, the only realistic near-term modernization option is to improve and evolve existing launch systems. DOD believes that it would take at least \$5.0 billion to develop a new expendable launch system. The committee agrees that alternative approaches could result in lower costs, but understands that they would be riskier and would require unconventional acquisition strategies. The committee therefore endorses the product-improvement option, with the stipulation that novel alternatives continue to be explored in the technology base.

The Secretary's report also makes clear that DOD must reduce the variety of launch vehicles it operates in order to eliminate excess industrial capacity, achieve economies of scale, and improve reliability. The logical path to this goal is through the upcoming competition for additional medium launch vehicles. Selecting a single launch vehicle for both medium- and heavy-lift requirements also will make improvements more affordable. The committee supports this strategy, but only

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on the condition that the competition not be restricted to current producers of medium- and heavy-lift vehicles and that innovative financing schemes are explored as part of the acquisition strategy.

With regard to heavy lift, DOD now plans to downsize the two remaining satellites that must be launched on the Titan IV within the next 10 years. By transferring these satellites to medium launch vehicles, the Air Force stands to save significant resources. After that, the National Reconnaissance Office (NRO) will be the sole user of the Titan IV. Currently, the Air Force manages and funds most of the costs of the Titan IV. The NRO asserts that it cannot reduce the size of the satellites that are launched by the Titan IV. If the Titan IV cannot be eliminated or replaced in a timely manner, the committee believes that the NRO, as the sole user, should assume responsibility for funding and managing the Titan IV. This action also would be consistent with the NRO's "cradle-to-grave" satellite management philosophy. The committee directs the Assistant Secretary of the Air Force for Space to prepare a transition plan for the Titan IV for submission to the congressional defense committees with the submission of the Fiscal Years 1996-2001 Future Years Defense Program.

The budget request included \$40.9 million to begin acquisition of additional Titan IV heavy-lift launch vehicles in fiscal year 1995. The DOD Inspector General and the Air Force now agree that this action is at least several years premature. The committee, therefore, recommends a reduction to the Titan IV procurement request of \$40.9 million.

The Secretary's report notes that technology base resources for expendable rocket systems are extremely limited and should be increased. The committee therefore recommends an additional \$10.0 million in PE 603302F for technology development and demonstration for fiscal year 1995, and expects DOD to increase that amount in the fiscal year 1996 budget request. The committee believes that this technology base program should not be managed by the same organization that will be charged with improving existing systems and components. The committee also believes that this program should be directed toward novel systems approaches and designs and directs that this initiative be applied to concepts for liquid and solid rocket systems that do not require complex, high-performance turbomachinery. The committee makes an exception for evaluation of Russian engine technology.

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#### Limitation on dismantlement of ICBM missiles

The committee recommends a provision that would prohibit the use of any funds authorized for fiscal year 1995 to deactivate or dismantle the U.S. ICBM force below 500 deployed missiles, until 180 days after the results of the Secretary of Defense's Nuclear Posture Review have been communicated to Congress. By this restriction, the committee does not intend to establish a precedent that similar restrictions should be included in future authorization acts; rather, this provision is intended to permit Congress to examine and respond to the recommendations of the Nuclear Posture Review, which is due to be completed in the summer or fall of 1994.

The committee concludes that the requested research, development, test and evaluation funds for ICBM modernization should be approved in full, pending publication of the results of the Nuclear Posture Review. The committee, however, would like to clarify that its actions do not constitute a commitment to the full ICBM modernization program, which is expected to require approximately \$6.0 billion over the next 8 to 10 years, in order to preserve 500 single-warhead Minuteman III missiles in the nuclear force posture until about the year 2020. The committee reserves judgment on this issue. If the future of ICBMs is not well-assured and justified, the committee believes that a cost-minimizing, "wasting asset" strategy toward ICBMs would have to be carefully considered as an alternative to the current modernization plans.

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#### Seismic monitoring research



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After an extensive interagency review, a Presidential Directive was issued in 1993 formulating a coordinated plan for all U.S. investments in enhancing the seismic monitoring methods for monitoring a Comprehensive Test Ban Treaty. Prior to the President's directive, there had been various appropriations to academic groups to develop and operate seismic networks that were important during the initial stages of the reopening of the former Soviet Union. These networks have now been altogether eclipsed by the government regional arrays and the International Data Center; moreover, universities have access to essentially all the data collected by the government arrays. Further investment in private arrays should be coordinated with the President's plan; accordingly, the committee recommends a provision that would prohibit obligation of any funds for seismic monitoring projects that have not been included in the yearly updates of the plan.

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Federally funded research and development centers

The committee is pleased that the Department of Defense has begun to implement the management reforms which the Congress has demanded for DOD federally funded research and development centers (FFRDCs) in recent years. The committee is also pleased that the individual FFRDCs are being managed to ceilings that collectively are less than the total ceiling imposed by the Congress for fiscal year 1994. The committee is aware that these individual ceilings were established by the Defense Department in accord with the general instructions provided by Congress for fiscal year 1994.

During the past year, the committee has become aware of two serious issues regarding the Defense Department's management of its FFRDC program. The first issue is the compensation of FFRDC employees, especially senior management. During the congressional review cycle last year, the committee proposed freezing the salary of FFRDC employees. This proposal was not enacted into law based on assurances from the Defense Department and from several top managers of individual FFRDCs that such a freeze would damage the FFRDCs and the Defense Department. Later in the year, the committee became aware of serious allegations that some FFRDCs had granted substantial raises to top management personnel while laying off lower ranking workers.

The second issue is the role of FFRDC derivative organizations in allowing FFRDCs to circumvent management ceilings and restrictions contained in sponsoring agency mission statements. Because contract awards to FFRDCs are excepted from the requirement for full and open competition, the creation of such entities, both as affiliated FFRDCs and non-FFRDCs, has resulted in an ambiguous legal, regulatory, organizational, and financial situation. For example, there have been allegations that government users granted inappropriate award preferences because they did not realize that a non-FFRDC affiliate of an FFRDC was not covered under the agency sponsorship agreement with the FFRDC.

In order to gain a better understanding of these two issues, the committee directs the Defense Department to provide a report identifying all FFRDCs and all affiliated entities, both FFRDCs and non-FFRDCs. The report shall include a discussion of the relationship between the statements of work of the original FFRDCs as well as those of their affiliated entities. The report shall also identify all sponsors and customers, the value of contracts with each, and approved and actual staffing levels for those entities over which the federal government has some cognizance. Finally, the report shall also include an analysis of the levels of compensation for FFRDC employees compared to their counterparts in similar for-profit companies. The portion of the report addressing FFRDCs and affiliated entities should be compiled from data from the organization's most recent fiscal year. The report should be submitted to the committee not later than April 1, 1995.

Based on the continuing decline in the Department of Defense budget for research and development and the fact that many FFRDCs will not reach funding ceilings in fiscal year 1994, the committee directs the Department to limit its funding for FFRDCs in fiscal year 1995 to \$1.3 billion, a reduction of just under 4 percent. The committee again directs the Department to ensure adequate funding for the smaller FFRDCs that provide studies and analysis support to the Department.

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Ballistic missile defenses

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In the statement of managers accompanying the conference report (H. Rept. 103-357) on the National Defense Authorization Act for Fiscal Year 1994, the conferees endorsed the major focus of the Ballistic Missile Defense Organization (BMDO) on the near-term deployment of effective theater missile defense (TMD) systems. The conferees further noted that their support for the proposed national missile defense (NMD) program would rest on a clear demonstration that that program would reduce the lead-time for deployment of a limited NMD system in the event a missile threat to the United States were to emerge. The conferees further noted that their funding reduction from the BMD request to a level below the long-term average recommended in the Bottom-Up Review (BUR) was in part based on their judgment that BMDO and the Department of Defense had not made the case for the proposed thrust and funding of the full ballistic missile defense (BMD) program.

The committee believes BMDO has worked hard to restructure and reorient parts of the program in response to the detailed guidance provided last year. The committee, in particular, congratulates the Administration and BMDO for the well-structured TMD program that has emerged. The committee's major concerns this year pertain to the NMD program, to the overall efficiency with which requested funds would be applied, and to further narrowing the BMDO focus to the engineering aspects of soon-to-be-deployed systems. In effect, BMDO must complete the transition from the "star-wars" era of the 1980s and early 1990s, with its focus on technology exploration and development, to an organization that is largely focused on systems engineering to speed deployment of badly-needed defenses. While some of those transition efforts have begun, more is needed.

In overview, the committee recommends reducing the request of \$3253.2 million for BMDO (excluding military construction) by transferring \$120.0 million for the Brilliant Eyes program to the Air Force and \$50.0 million to maintain a national technology base program for high-energy laser research outside BMDO, and by recommending additional specific reductions of \$326.0 million and additional specific increases of \$75.0 million, for a net authorization of \$2,832.2 million for fiscal year 1995. The committee recommends full funding of the procurement request, and recommends \$2,558.8 million for research, development, testing, and evaluation (RDT&E).

The committee addresses specific funding and programmatic guidance for BMDO under the following subsections:

- Theater missile defenses
- National missile defenses
- Follow-on technologies
- Management support
- Compliance of THAAD flight testing during fiscal year 1995
- Compliance reviews
- Revisions to the Missile Defense Act

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-Limitation on obligation of BMDO funds

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THEATER MISSILE DEFENSES

The committee commends BMDO for its restructuring and consolidation of TMD programs, and endorses the priority shown in the funding request for near-term TMD systems. The committee also endorses the Department's selection of the ERINT missile as the Patriot PAC-3 interceptor. The committee takes note, however, of the comments by review panels that the ERINT program is not without technical risk. Therefore, in view of the importance of early deployment of improved TBM capabilities, the committee concludes that at the same time ERINT is entering the engineering and manufacturing development (EMD) phase, continued research and development on the multi-mode missile is a wise hedge against the possibility of technical problems with ERINT early in its EMD phase. The committee understands that some \$58.5 million is already available within the total PAC-3 request for risk-mitigation efforts, the bulk of which, DOD has informally indicated, is to be allocated to the multi-mode missile program.

The committee notes BMDO testimony that, after funding the NMD, follow-on technologies, and near-term TMD programs as recommended in the BUR, the remaining TMD funding would be adequate to allow only one of three follow-on TMD systems to enter EMD in about 1998. In effect, BMDO claims the overall funding level approved by the Administration-\$17.6 billion over five years-will force the Congress to choose one candidate from among Navy upper tier, CORPS SAM, and some candidate boost-phase intercept (BPI) programs. The committee believes a strong case could be made for pursuing EMD on all three systems, should the development of technologies be accomplished successfully.

In the following, the committee proposes a different solution to the BMDO "Hobson's choice": the committee intends to vigorously scrutinize and, where possible, reduce BMDO "overhead" functions, in order to devote more of the \$17.6 billion in the Future Years Defense Program (FYDP) to specific defense programs like the three follow-on TMD candidates, as well as to a reinvigorated NMD program. The committee expects BMDO to facilitate the development and deployment of defenses against ballistic missiles, to provide "value added" to the process. BMDO overhead cannot and will not be allowed to become a burden, a "tax," on timely development and deployment of effective missile defenses.

For the past several years, the congressional defense committees have repeatedly tried to develop a system for funding, reporting on, and providing oversight over ballistic missile defense programs that would both provide the BMDO adequate flexibility to pursue promising avenues of research and provide appropriate oversight to the congressional defense committees. The results of this process continue to be disappointing. The current budgetary submission contains 13 separate line-items; four are labeled "Ballistic Missile Defense Technology," four others are labeled "Theater Missile Defenses," and the only NMD-related line-item requests no funding for fiscal year 1995.

As the Congress has reduced the portion of BMDO budgets devoted to exploratory research on a wide range of promising technologies, and increased the funding for development of well-defined programs, particularly in the TMD arena, it is now time for the congressional defense committees to authorize and appropriate funds for specific TMD programs and activities, much as they do for other major defense programs.

Therefore, the committee recommends the following specific amounts for the near-term TMD programs under BMDO purview:

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- For Patriot PAC-3, including risk-mitigation funds, \$600.0 million;
- For THAAD, \$495.7 million;
- For the Navy lower-tier program, \$194.0 million;
- For the ground based radar-tactical (GBR-T) program, \$173.2 million;
- For the Hawk system upgrades, \$30.6 million; and
- For battle management, command, control, communications, and intelligence for TMD systems, \$34.1 million.

The committee also recommends the following allocations for support of additional TMD programs:

- For follow-on TMD programs, including Navy upper tier, CORPS SAM, and BMDO BPI programs, \$96.6 million; and
- For a risk mitigation fund to accelerate development and deployment of TMD systems, \$75.0 million.

BMDO and the Department of Defense Comptroller are directed to use these specific line-items in budget submissions and reports to the Congress as of October 1, 1994.

Funds contained in the risk mitigation fund may be used to increase funding for Patriot PAC-3 capabilities, including additional risk-mitigation activities, and for the acceleration of any or all of the follow-on TMD programs, at the discretion of the Secretary of Defense. Not less than 30 days prior to the obligation of any part of the risk mitigation fund, the Secretary shall inform the congressional defense committees of his proposed allocation of funds among the designated programs, including such funds as he may choose to reserve for subsequent obligation.

The committee has closely followed the selection of one of the two candidates-ERINT and multi-mode missile-for the PAC-3 system. We are pleased that the Department has finally completed the Defense Acquisition Board process and is moving to develop ERINT, the selected missile.

However, the committee recognizes that the multi-mode missile has substantial potential against various threats, especially cruise missiles and electronic countermeasures, that are worth developing in the context of the planned risk mitigation program. While the full scope of this program has not been finalized, the committee recommends that it include sufficient flight tests to validate these needed capabilities.

NATIONAL MISSILE DEFENSES

The committee continues to be troubled by the apparent inconsistencies in the Department's proposed NMD Technology Readiness proposal. In broad outline, it proposes to allocate \$3.0 billion over the next five years to this activity, including more than \$500 million for the development and deployment of prototype Brilliant Eyes (BE) satellites. No flight-test demonstrations of radar, interceptor technology, or kill vehicle technology are envisioned. This leads the committee to

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question the value of early-deployed BE satellites to the NMD program, when, according to the BUR description of the option selected, by the end of the decade, ". . . it would take 10 to 15 years to deploy an operationally effective system . . .". Thus, the committee does not believe the "Technology Readiness" program will serve to provide an adequate hedge against the possible emergence of a threat. CIA Director James Woolsey has testified that such a threat could arise on a timetable of eight to 15 years; yet the proposed program would leave us still 10 to 15 years away from effective defenses at the end of this decade. In addition, the threat could arise more rapidly than the intelligence community now projects.

BMDO and some contractors have suggested that BE could enhance the effectiveness of most TMD systems; however, no TMD funds are allocated to BE, and the TMD user community has not shown strong interest in BE availability. Moreover, for the wider-area TMD systems, where BE arguably provides the greatest benefit, use of BE data may compound compliance problems. (For example, the committee is aware of contractor briefings purporting to show that Navy vessels with the upper tier capability plus BE tracking data could provide a thin defense of most of the continental United States from East Coast and West Coast ports.)

Last year, the committee posed a number of questions regarding the Department's missile warning and tracking programs. The committee is not fully satisfied with the Department's response to the issues it raised. Accordingly, elsewhere in this report, the committee provides additional guidance regarding these matters. As one element of that guidance, the requested funding for BE of \$120.0 million is transferred to the Air Force, which shall also retain program management authority for fiscal year 1995.

The committee reluctantly accepts the lower priority placed on the NMD program, but does not accept the BMDO proposed "Technology Readiness" program or timetable. Given the limited resources allocated to NMD under the BUR, and the uncertain timing of a future threat, the committee believes BMDO should continue the development and testing of more mature demonstration technologies such as ERIS and LEAP, rather than focusing on further miniaturization of interceptors and kill vehicles. Since the scope of any contingency deployment is likely to be tens, rather than hundreds or thousands, of interceptors, continuing development of existing technologies seems a better strategy for a fiscally-constrained environment. The objective for such an effort should be to develop and test, as rapidly as available NMD funding will permit, a limited, "UOES-type" capability using existing flight-qualified hardware, even though such hardware may not incorporate the latest "state-of-the-art" technology.

The ERIS booster and LEAP kill vehicle both have demonstrated substantial flyout and engagement ranges. Thus, one early focus for an NMD program would be to provide adequate tracking data. Adequate tracking of hostile reentry vehicles might be accomplished by any of several means-BE satellites, if deployed; upgraded BMEWS and PAVE PAWS radars; GSTS-type probes; or a self-contained optical tracking stage carried aboard an ERIS-type interceptor. The development of a fixed, land-based NMD radar should be matched to technical progress on the TMD ground-based radar.

The budget request for NMD activities was \$587.0 million; the transfer of BE to the Air Force reduces this level to \$467.0 million. The committee directs the Secretary of Defense to conduct a detailed review of the concept of building upon ERIS- and LEAP-type hardware to provide early flight-testing and an early availability of a "UOES-type" NMD capability, within a budgetary range of \$400-\$500 million per year. The Secretary shall provide to the congressional defense committees not later than March 1, 1995, a report on the results of his review, including comparisons of its cost and timetable with the Technology Readiness program proposed by BMDO.

Because of the need to develop a revised NMD program direction and milestones oriented toward early demonstration of a UOES capability, the committee recommends reducing the request by an additional \$67.0 million. The committee expects the Department to request funding consistent with the BUR projections for the NMD program for fiscal year 1996, and to reflect a robust NMD program in the next Future Years Defense Program.

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FOLLOW-ON TECHNOLOGIES

BMDO funds and oversees numerous important high-technology programs within the follow-on technologies program element; some, such as high-energy laser research, are unique within the Department of Defense. However, the cost of follow-on technologies, in terms of program management and other BMDO resources, is high, and some of these programs tend to be "lightning-rods" for opponents of robust ballistic missile defenses. For this reason, for the past two years, the committee and the Congress have been urging the Secretary of Defense to transfer from BMDO to other agencies those research activities on technologies that may prove to be relevant to advanced missile defense concepts, but that have no prospect of reaching engineering and manufacturing development within the next decade or two. The Secretary, however, has transferred only a handful of projects; \$409.0 million is still requested for this program area.

Transfer of these programs to other agencies requires two actions by the Department. One, involving transferring program responsibilities and funding, is easily accomplished. The other, insuring that the recipient agency protects the program and adequately funds it, is harder, and requires firm OSD oversight. Nonetheless, as BMDO moves inevitably toward an engineering development and deployment agency, its efforts need to be focused increasingly on those critical BMD tasks. The committee again strongly urges the Secretary to continue the transfer of far-term follow-on BMD technologies from BMDO to other Services and agencies, and to ensure that they continue to receive high priority once transferred.

The committee notes that the statement of managers accompanying the conference report on the National Defense Authorization Act for Fiscal Year 1994 (H. Rept. 103-357) required the Department to develop a coherent management plan for high-energy laser research programs. That plan has not yet been provided to the committee. The committee, nonetheless, believes a focal point outside BMDO should be established to develop a national technology base in high-energy laser research and development to meet a broad spectrum of possible military missions, not just ballistic missile defenses. Accordingly, the committee recommends the transfer of \$50.0 million to a new high-energy laser research line-item. The Secretary of Defense shall assign management responsibility for these funds to an appropriate military Service or defense agency other than BMDO. The committee encourages consolidation of this high-energy laser program with other programs, should the Secretary's ongoing review so recommend.

The request for follow-on technologies was \$409.0 million; in addition to the transfer of \$50.0 million for high-energy laser research, the committee recommends a reduction of \$89.0 million to the request.

MANAGEMENT AND SUPPORT

Of the \$3,253.2 million request for BMD procurement and research, development, testing, and evaluation, the committee notes that \$587.0 million was requested for NMD, \$409.0 million for follow-on technologies, and \$1,624.1 million for specific, mainstream TMD programs. The balance, totalling \$633.1 million, or just under 20 percent of the requested funds, represents the request for other programs and activities, including: BMDO program management; funds for studies and analyses; systems engineering and technical assistance (SETA) support; set-asides for small business innovative research and innovative science and technology; and a host of generic support activities such as test and evaluation activities and lethality studies.

Notwithstanding the important nature of many of these activities, the committee concludes that too much of the BMDO funding request is proposed to be spent on this category, to the detriment of more robust efforts on high-priority TMD and NMD activities. The committee notes that BMDO is requesting \$215.2 million in management support, virtually the same amount as was appropriated for fiscal year 1993 for an SDI program funded at a half-billion-dollar higher level and containing a far more diverse set of activities than in the current BMDO request. The committee, accordingly, recommends a reduction of \$70.0 million in management support.

The committee recognizes that test and evaluation and other supporting activities are necessary ancillary activities, and agrees with the BMDO Director that test and evaluation activities should be centrally directed, to avoid the appearance that specific program managers have "self-test" authority. However, the

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committee believes that much of the test and evaluation activity required by specific programs can be identified well in advance of need, and can be added to funding for those discrete programs, while perhaps maintaining a small contingency reserve. This would serve to reflect more of the true cost of specific programs, and reduce the appearance to outsiders that too much money is allocated to "overhead;" the committee is confident that the BMDO Director can retain control over the commitment of test and evaluation funds within specific programs. The committee recommends a further reduction of \$100.0 million to the remainder of the supporting programs and activities. The committee further directs that, in the fiscal year 1996 budget request, BMDO include identifiable costs for test and evaluation activities for specific TMD and NMD programs and systems.

COMPLIANCE OF THAAD FLIGHT TESTING DURING FISCAL YEAR 1995

The committee applauds the Administration's efforts to seek among the successor states to the former Soviet Union an agreed clarification of permissible limits to the capabilities of theater missile defense (TMD) systems. The committee notes that, at those negotiations, all parties appear prepared in principle to accept a definition of permissible limits that would unambiguously define the U.S. theater high altitude area defense (THAAD) system as a TMD system. The committee also notes testimony that, absent such relief, the flight testing of the THAAD interceptor missile, now scheduled to begin in November 1994, could raise ABM Treaty compliance issues. The committee is concerned that failure to reach a successful agreement at the ongoing negotiations prior to November 1994 could lead the Administration to delay the initial flight testing of the THAAD system, the timely development and deployment of which the Congress has repeatedly supported. Based on U.S. computer simulations, the Administration has determined that the THAAD system could possess a "significant" intercept probability against some strategic reentry vehicles, but only after the full UOES system is in place, including battle management software to receive cueing information from external sensor sources.

The committee is aware of the following facts regarding the planned THAAD test program:

- (1) The first two THAAD interceptor flight tests will not involve a target reentry vehicle (RV).
- (2) For the first six flight tests, the THAAD interceptor will be controlled only by an existing radar at White Sands.
- (3) For the next four flights, encompassing the full fiscal year 1995 test plan, the THAAD interceptor will be controlled by a demonstration/validation (dem/val) radar system; a prototype (UOES) radar will only be incorporated into the THAAD system thereafter.
- (4) U.S. computer simulations of the capability of each of the above THAAD system configurations show no capability to intercept strategic RVs.
- (5) The maximum velocity of the THAAD interceptor missile is less than that of the deployed Russian SA-12 system, which the Administration appears to have accepted as a TMD system.

Finally, even if the fully-developed, deployed THAAD system achieves all planned performance specifications, the U.S. computer simulations indicate that the defended-area footprint against a strategic RV for the THAAD system will not include the THAAD battery itself; that is, the fully-developed THAAD system will have no self-defense capability against any strategic RV.

The committee understands that a specific review of the compliance of the THAAD dem/val program will be undertaken later this year. The committee strongly reiterates its views as expressed in section 234(a) of the National Defense Authorization Act for Fiscal Year 1994. The committee urges the Administration to adopt reasonable standards for the THAAD dem/val compliance review process, to include comparability of the standards the United States intends to apply to assessments of the compliance of both US and Russian missile defense systems. For example, the committee will find it difficult to accept a position that the initial flight test of an interceptor missile, which does not involve any physical target vehicle, can be found to be a "noncompliant" event. The committee would also question the operational military significance of a "defensive system" which is incapable of defending itself from attack.

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If the THAAD dem/val compliance review does not determine that the planned dem/val program is fully compliant as proposed, and if the ongoing negotiations are not completed prior to November 1, 1994, the committee directs the Secretary of Defense to provide to the congressional defense committees not later than November 15, 1994, a report on the effects of additional delay on the planned THAAD test program. The report shall set forth for each quarter of fiscal year 1995 his assessment of the changes to the planned flight test schedule necessitated by the delay in completing the negotiations, together with his estimates of the delay in fielding both the UOES capability and the initial operational capability of the THAAD system, and the added cost to the THAAD program of such delay.

COMPLIANCE REVIEWS OF BALLISTIC MISSILE DEFENSE SYSTEMS

Last year, the committee required the Administration to provide preliminary reviews of the compliance with the ABM Treaty of all near-term, well-defined theater missile defense (TMD) systems, in addition to the proposed Brilliant Eyes (BE) space-based sensor system. The committee has carefully reviewed the compliance reports and commends the Administration for the timeliness and usefulness of all but one of these reports. The committee finds the compliance report on the BE sensor system unacceptable, as it fails to deal with the set of questions posed in section 234 of the National Defense Authorization Act for Fiscal Year 1994. The report submitted by the Administration on the BE sensor system failed to address the question of whether BE, as planned, would be compliant with, or could be made to be compliant with, either an ABM Treaty-compliant national missile defense (NMD) system, or an ABM Treaty-compliant TMD system, and whether its status as a legally-deployed component of an ABM Treaty-compliant TMD system would be jeopardized if the United States subsequently undertook to develop and deploy an NMD system that also used BE tracking data.

There appears to be no compliance issue with the use of space-based optical data, such as is provided today by defense support program satellites, nor have objections been raised to proposed follow-on systems (FEWS and ALARM). In the Missile Defense Act of 1991, the Congress declared the proposed ground-launched surveillance and tracking system (GSTS) compliant. The BE system appears to be analogous to these systems, relying on telescopic viewing of optical phenomena. Thus, it would appear that, if data from Brilliant Eyes satellites were transmitted, processed, and disseminated in similar fashion to data from existing optical systems, a determination of compliance should be straightforward.

The report submitted by the Administration avoided these (admittedly complex) questions, arguing instead that the first "two or three" developmental BE satellites would be so lacking in capability as to raise no compliance issue, and declining to formulate an opinion regarding a more robust constellation. The committee cannot accept this answer as a basis for continued substantial funding of the BE program. The Administration is already embarked on negotiations with Russia and many of the successor states to the former Soviet Union to clarify the boundaries on compliant TMD systems. The Congress has been urging the Administration since the passage of the Missile Defense Act of 1991 to undertake similar negotiations-if necessary-to clarify the permitted uses of space-based sensors. Thus, the committee has no choice other than to insist that the Administration determine whether a BE satellite constellation would be fully, partially, or not at all compliant with the current interpretation of the ABM Treaty if used in conjunction with a TMD system, an NMD system, and both systems. To encourage prompt reporting, the committee further limits the obligation of funds for BE to not more than \$50.0 million until the required compliance report is submitted.

Finally, the committee notes that, in its compliance review provision in the National Defense Authorization Act for Fiscal Year 1994, it did not require a compliance review for the Navy upper tier program, on the grounds that it was not sufficiently well-defined. However, the Bottom-Up Review included this program in its designation of "core" TMD programs, and efforts may be made to increase Navy upper tier funding beyond the request of \$17.7 million. Thus, the committee recommends a provision that would require a compliance review of the Navy upper tier program if the appropriated amount for this program exceeds the request, and that would limit the obligation of funds to \$17.7 million until the required compliance review has been delivered to the congressional defense committees.

REVISIONS TO THE MISSILE DEFENSE ACT OF 1991



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The committee recommends a provision that would make several non-substantive changes to the Missile Defense Act of 1991. The provision would delete three provisions pertaining to fiscal year 1992 funding and to the naming and description of several BMDO line-items. The Congress funds BMDO programs annually, and the titles and programmatic content of BMDO line-items have also been changed annually. The provision would also extend the current requirement in section 238 of the Missile Defense Act of 1991 for interim reports from the President on the progress of negotiations with Russia and the successor states to the former Soviet Union on changes or clarifications to the ABM Treaty.

LIMITATION ON OBLIGATION OF BMDO FUNDS

The committee notes that the theater missile defense master plan required by section 235 of the National Defense Authorization Act for Fiscal Year 1994 has not been delivered as required. The committee, therefore, recommends a provision that would prohibit the obligation of any fiscal year 1995 BMDO funds until the required report has been provided to the congressional defense committees **SASC, p. 127-138**

Technology reinvestment program

The committee is pleased that the Department of Defense has proposed a robust funding level for the technology reinvestment program (TRP). The budget request for this important program has finally reached the levels provided by the Congress in recent years.

The committee is also pleased that all contracts and grants awarded under this program have been made on the basis of cost-sharing and competition. The committee cannot stress too much the importance of these criteria to the continued support of this program by the Congress. Only the rigors of free and open competition and the requirement for industry to match federal funding with non-federal funds can eliminate the kind of costly, flawed, and wasteful projects that gravitate to such programs when awards are made on the basis of congressional earmarking and all costs are paid by the federal government.

Fiscal year 1995 marks the beginning of the TRP program's third year. As this third year begins, the committee hopes that the "lessons learned" from the first two years can be brought to bear to improve the program. At the same time, the committee is concerned that the program be protected from those that would use it as a source of funds for the latest fashionable idea from an interest group that cannot secure funding through the normal budget process. With this in mind, the committee was initially very skeptical when the Administration announced "Focus Areas" within the TRP. In the past, this term has been used as a not so subtle euphemism for earmarks for technical projects of dubious value. After greater examination, however, the committee has been persuaded that the Advanced Research Projects Agency has justified the use of the specific focus areas and will be able to use this approach to communicate its needs to industry.

The committee is also concerned about the relationship between the TRP and the industrial analysis required by section 2505 of title 10, United States Code. It is difficult for the committee to understand how the Department can plan for dual-use research without the analysis required by section 2505. Lack of such an analysis also prevents the Department from justifying in principle dual-use programs benefitting one industry rather than another.

The committee is also concerned that the TRP not duplicate programs provided by other federal agencies. This concern extends to congressional attempts to fund loan guarantee programs within the Department of Defense that would duplicate the programs of the Small Business Administration and that would require a new DOD staff to administer.

The committee recommends an authorization of \$625.0 million, the amount requested, for the TRP, as indicated below:

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	Millions
Dual use technology partnerships	\$245
Commercial-military integration partnerships	\$80
Regional technology alliances	\$80
Advanced manufacturing technology partnerships	\$30
Manufacturing extension program	\$50
Manufacturing engineering education program	\$25
Agile manufacturing enterprise integration	\$35
Advanced materials partnerships	\$30
US-Japan management training	\$10
MARITECH	\$40
 Total	 \$625

The committee recommends a provision that would allocate these funds to the individual requested programs and ensure that the programs are executed pursuant to statutory mandates.

The committee recommends another provision that would allow a small business which has been notified that it has been selected to receive an award under the technology reinvestment program, at least 120 days after notification to meet the cost-sharing requirements of the TRP program. The committee believes that a small business proposal selected by the highly competitive TRP selection process will almost certainly succeed in obtaining venture financing during this period and that this change will encourage small businesses to take the lead in proposing TRP projects.

Finally, the committee recommends a provision identical to section 1317 of the National Defense Authorization Act for Fiscal Year 1994, that would set conditions on funding of defense technology reinvestment projects.

#### Federal defense laboratory diversification program and Navy reinvestment program

The committee recommends the requested amount of \$56.6 million in PE 603570D for the federal defense laboratory diversification program and the requested amount of \$50.0 million in PE 601572N, PE 602572N, and PE 603572N for the Navy reinvestment program. The committee welcomes these initiatives to put the principles of Secretary Perry's commercial-military integration strategy into practice. Partnerships funded under these programs can provide an effective mechanism both for spinning off laboratory technology for commercialization and for spinning on commercial technology to reduce acquisition costs.

The committee recommends a provision that would provide a statutory mandate for these programs in chapter 148 of title 10, United States Code. This mandate would ensure that they have the same statutory protection against non-competitive earmarking of specific projects as the projects in the technology reinvestment program.

#### International cooperative research and development

Section 2350a of title 10, United States Code, authorizes the Defense Department to conduct cooperative research and development projects with major allies of the United States. Section 2350a is often referred to as the "Nunn Amendment".

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The members of NATO have established alliance organizations to develop, procure, or maintain common defense equipment. The NATO HAWK Production and Logistics Organization (located in Paris) and the SHAPE Technical Center (located in The Hague, Netherlands) are examples of these NATO organizations.

The committee believes that the Defense Department should be able to enter into agreements with these kinds of NATO organizations for cooperative research and development that satisfy the terms of the Nunn Amendment. Therefore, it recommends a provision that would amend section 2350a of title 10 to make NATO organizations eligible for cooperative research and development agreements.

The budget request contained \$60.2 million for international cooperative research and development. The committee commends the senior leadership of the Defense Department for requesting this level of funding. It is tangible proof of the commitment they have made to lead a "renaissance" in international armaments cooperation. The committee urges the Defense Department to stabilize future annual funding for this program around the level requested for fiscal year 1995.

**SASC, p. 138-140**

F-22 live fire testing

The Department of Defense has requested a retroactive waiver to the live fire testing requirements contained in section 2366 of title 10, United States Code. Section 2366 requires realistic survivability and lethality testing of systems prior to full-rate production. Systems covered by section 2366 must be tested for vulnerability in combat by firing munitions likely to be encountered in combat at the system configured for combat.

The Secretary of Defense is permitted to waive these requirements, before a system enters full-scale engineering development, if the Secretary certifies that live fire testing would be unreasonably expensive and impractical. The Secretary has determined that such testing would be unreasonably expensive and impractical for the F-22. However, the F-22 has already entered full-scale engineering development, legislation is needed to allow the Secretary to grant a waiver. The committee recommends such a provision.

The committee understands that the Department intends to conduct robust testing and analysis of potential F-22 vulnerabilities to ensure that testing and evaluation adheres to the spirit of section 2366, and that the production configuration of the F-22 reflects the results of lessons learned from that testing.

**SASC, p. 140**

University research initiatives

The committee is pleased that the defense authorization and appropriations acts for fiscal year 1994 were nearly free of earmarks for specific universities and colleges in the university research initiative program.

According to a study released by the Congressional Research Service dated April 13, 1994, there were only two earmarks totalling \$12.0 million in this program in fiscal year 1994. This is a significant improvement over fiscal year 1993 in which there were 29 earmarks totaling \$176.5 million.

Although the committee is pleased that other committees have begun to cooperate to require that funds authorized for basic research at the university level are awarded on the basis of merit-based competition, the committee is aware that there is still no consensus on the best way to ensure that smaller colleges and universities have an adequate opportunity to compete for funding.

In 1993, this committee created the university research initiative support program. This program was authorized \$20.0 million for a separate competition for institutions that had received less than \$2.0 million in federal grants in the last two years. Institutions would be eligible for this program regardless of their location. No funds were specifically appropriated for this program.

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The National Defense Authorization Act for Fiscal Year 1994 also authorized \$20.0 million for the defense experimental program to stimulate competitive research program (DEPSCOR). This program authorizes a separate competition for colleges and universities in states that have been designated by the Director of the National Science Foundation. Seventeen states are currently eligible for this program. The Department of Defense program is intended to complement the National Science Foundation program for building research capacity in states that have not traditionally received significant numbers of federal research grants.

The committee is concerned that the DEPSCOR program places the emphasis on states rather than institutions. DEPSCOR does not make awards to institutions that have good proposals but are not located in a DEPSCOR state, even though the institution has had little or no previous federal funding. The committee is also concerned that DEPSCOR awards are not limited by either state or institution. As a result, individual institutions and states can still receive DEPSCOR funds even if they have received large amounts of federal funds from other sources in recent years.

The committee recommends a balance between the university research initiative and DEPSCOR programs. The committee recommends that \$10.0 million of the funds authorized in PE 61103D for university research be authorized for the university research support program, and that \$10.0 million of the funds in PE 61103D be authorized for DEPSCOR. The committee further recommends a provision that would limit DEPSCOR awards to states that have received less than 50 percent of the national average investment of federal funds for institutions of higher education during the past two fiscal years.

**SASC, p. 141**

#### Manufacturing science and technology

The committee has traditionally supported the manufacturing science and technology program (MANTECH). Last year, the committee recommended \$301.0 million for the manufacturing science and technology program and attempted to provide a statutory framework for this program that would encourage Department-wide planning, merit-based competitive selection of projects, and cost-sharing in appropriate cases. During the conference with the House of Representatives, this figure was reduced to \$112.5 million because of the earmarking of manufacturing technology funds for specific non-competitive, non-cost-shared projects by other committees. The budget request for fiscal year 1995 for MANTECH is \$97.0 million, the lowest in many years. This low figure reflects the Administration's loss of confidence in the program.

After much debate, the committee has decided to try one last time to work with the Department of Defense to address the real problems which the manufacturing science and technology program was intended to address, particularly in long-term, high risk research and in defense-unique applications. In doing so, the committee is mindful of the different approaches the military departments have taken to implement manufacturing science and technology programs. The committee is aware that while the Army, Air Force, and Defense Logistics Agency (DLA) rely mostly on contracts, grants to implement MANTECH, the Navy uses a combination of contracts, grants, and direct funding to centers of excellence. Since this different approach seems to work for the Navy, the committee has decided to recognize the Navy approach by funding its centers outside the manufacturing science and technology program in a separate program element. Because these centers already exist and have been set up at the request of the Navy, they will not be covered by the committee's requirement for competitive selection.

The committee welcomes the recent creation of a Defense Manufacturing Council within the Department and also welcomes the increased attention the manufacturing science and technology program is receiving from industrial associations. Ultimately, industry has an important role to play in preventing earmarking in this program and the Department of Defense should consider setting up an industry advisory group to assess this program and help keep it on track.

The committee recommends \$125.0 million for the manufacturing science and technology program: \$30.0 million in PE 78045A for the Army; \$50.00 million in PE 78011F for the Air Force; \$35.0 million in PE 65872N for the Navy, in addition to the \$20.164 million requested in PE 78011N for the Navy's existing centers of excellence for manufacturing technology; and \$10.0 million in PE 63705D for DLA. The committee urges the Department of Defense to require the active participation of subtier firms that produce manufacturing equipment in manufacturing technology programs.

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The committee notes that it is strongly supporting manufacturing technology elsewhere in this Act, including full funding of the budget request for agile manufacturing and manufacturing technology partnerships within the technology reinvestment program, where the Administration has shown a willingness to defend a competitive, merit-based selection process.

The committee recommends a provision, which is similar to the provision recommended last year, that would provide a statutory framework for the manufacturing science and technology program. The committee has decided that if this provision is ignored or set aside this year, this will be the last year the committee recommends funds for this program.

**SASC, p. 142**

**Defense Business Operations Fund**

Beginning October 1, 1991, the Defense Department combined five industrial funds and four stock funds into a single new revolving fund called the Defense Business Operations Fund (DBOF). The DBOF grew out of the Defense Management Review, and represented an effort to instill more private sector management practices into the support and maintenance activities of DOD.

Although combining nine separate revolving funds into a single revolving fund sounds like a relatively simple operation, the DBOF has been plagued from its inception with systemic, persistent financial and accounting problems which it inherited from the past. As GAO and this committee have pointed out repeatedly, most of these problems are the result of antiquated finance and accounting systems and lack of attention by senior management to financial management and financial integrity issues.

During the past year, there have been encouraging signs that financial management problems are finally receiving high level attention in DOD. In September 1993, then Deputy Secretary of Defense Perry approved the Defense Business Operations Fund improvement plan that established milestones for addressing the major shortcomings of the DBOF. The National Defense Authorization Act for Fiscal Year 1994 required DOD to submit a progress report to the Congress on the implementation of this plan by February 1, 1994, with a GAO report on the plan by March 1, 1994.

In testimony before the committee, DOD and GAO witnesses indicated that DOD is making progress on meeting the major milestones established under the DBOF Improvement Plan: completion of all DBOF policies by December 31, 1994; selection of the systems to account for Fund resources by September 30, 1994, and initiation of the implementation of these systems by September 31, 1994; and improvement of the accuracy of the monthly financial reports that provide information on the financial results of each business area by December 31, 1994.

Mr. David Nellemann, the Director of Information Resources Management in the General Accounting Office, told the committee:

We continue to support the concept of the fund, and we believe that Congress should make the fund permanent. We do not think that going back to a separate fund concept, such as the old industrial and stock funds, is feasible or desirable. DBOF has too much to offer. It must be made to work.

The committee agrees with GAO that DBOF must be made to work. However, the committee also understands, as Mr. Nellemann pointed out in his testimony to the committee, that "DOD is dealing with years of neglect in regard to its financial management structure, and it is going to require a long term commitment to correct these problems." The committee will continue to oversee DOD implementation of the DBOF improvement plan to carry out this commitment.

**AUTHORITY TO OPERATE DBOF**

Based on the recommendation of both DOD and GAO, the committee recommends a provision (sec. 311) that would make permanent the authority for DOD to operate the DBOF. Under current law, this authority would expire on December 31, 1994. This provision would continue the prohibition on putting new activities

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under the Fund. The committee agrees with the GAO recommendation that DOD should be prohibited from adding new activities or functions to DBOF until the policies, procedures, systems, and financial reports are in place to account accurately for, and to report on, the activities that are currently in DBOF.

**IMPLEMENTATION OF DBOF IMPROVEMENT PLAN**

As part of the committee's continued oversight of DBOF, the committee recommends a provision (sec. 312) that would require the Secretary of Defense to submit a progress report on the Department's implementation of the DBOF improvement plan by February 1, 1995. This section would also require the Comptroller General to report to Congress on the Department's implementation of the DBOF improvement plan by March 1, 1995.

**LIMITATION ON OBLIGATIONS AGAINST THE CAPITAL ASSET SUBACCOUNT**

Section 342 of the National Defense Authorization Act for Fiscal Year 1993 required the establishment of a capital asset subaccount in the DBOF. This account includes the estimated collection of depreciation expenses within the rates charged by DBOF business activities. These funds are used for capital costs such as minor construction, development of software in automated information systems, and procurement of equipment.

In testimony before the committee, GAO noted that the DBOF capital asset program lacks accurate information and is not being executed as planned. Mr. David Nellemann testified:

DOD managers are not receiving accurate financial data on the Fund's annual \$1 billion to \$2 billion capital asset program. Consequently, it is extremely difficult, if not impossible, for DOD management and the Congress to monitor the execution of this program. In addition, the military services and DOD components do not appear to be executing the capital asset program in accordance with the budget presented to the Congress.

GAO testified that OSD managers are beginning to correct some of the problems in the management of the capital asset subaccount. The committee believes that additional effort is required in this area, and recommends a provision (sec. 313) that would set a cap of \$1.5 billion on expenditures from the capital asset subaccount during fiscal year 1995. This cap is \$100.0 million below the obligation level anticipated in the budget request.

**RECOVERY OF PRIOR YEAR LOSSES IN THE DBOF**

Under current DBOF pricing policy, customer rates for DBOF business activities are established on a fiscal year basis to recover the total cost of operations, and include gains or losses from prior year operating results. DOD adjusted the fiscal year 1995 DBOF rates for certain business areas to recover accumulated prior year operating losses totaling approximately \$1.7 billion.

In the view of GAO, recovery of prior year operating losses should be excluded from DBOF rates. Mr. Nellemann testified before the committee that "Recovering past losses in this manner distorts the Fund's actual results of operation in a given year, diminishes the incentive for the Fund to operate efficiently, and makes it difficult to evaluate and monitor the Fund's status." Instead, GAO believes that DOD should seek a direct appropriation to cover any prior year losses in the DBOF business areas.

DOD believes that the current practice of reflecting gains and losses from prior year operating results in DBOF rates encourages DBOF business managers to operate more efficiently. In the view of DOD, DBOF business managers who know that any operating loss will simply be recouped through a direct appropriation from Congress in the following year will have less incentive to manage efficiently than if their operating results are reflected in the future rates of their business activities.

In the committee's view, DBOF managers should be given every incentive to manage their business activities in the most efficient manner possible. However, the committee is concerned that the accumulation of large operating losses distorts the rates charged by some business areas and drives up the cost of the goods and services provided by these business areas to the operating forces. The Comptroller of the Defense Department, Dr. John Hamre, testified before the committee that

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this situation can lead to what he called a "vicious circle", in which prior year losses drive up DBOF rates, which in turn reduce customer demand. Reduced customer demand for DBOF goods and services leads to even further operating losses.

The committee directs DOD to review its current policy of recovering all operating losses through the DBOF rate structure and report the results of this review to the committee in its February 1, 1995 report on the implementation of the DBOF improvement plan.

**SASC, p. 147-150 (O&M)**

REVOLVING AND MANAGEMENT FUNDS

Defense Business Operations Fund

The fiscal year 1995 budget request included a request for authorization of \$1,169.0 million for direct appropriations to the Defense Business Operations Fund (DBOF). This amount included \$1,163.9 million for DOD commissary operations and \$5.1 million for Air Force war reserve requirements. The committee recommends the full amount requested for both of these activities.

Elsewhere in this report, the committee has discussed the following adjustments in funding that affect the overall cash balance of the Defense Business Operations Fund:

	Dollars in millions
Civilian personnel understrength	-210.0
Federal Workforce Restructuring Act of 1994	+30.4
Fuel savings	-100.0
Limitation on obligations from the capital asset subaccount	-100.0
Total	-379.6

The committee recommends authorization of \$789.4 million for direct appropriation to the DBOF in fiscal year 1995, a decrease of \$379.6 million in the amount requested. This reduction should be offset by transfer of cash balances of this amount within DBOF so that the full amount requested for DOD commissary operations and Air Force war reserve stocks will be made available in fiscal year 1995.

**SASC, p. 164 (O&M)**

TITLE VIII-ACQUISITION POLICY, ACQUISITION MANAGEMENT, AND RELATED MATTERS

Congressional earmarking

The committee recommends a provision that would establish clear congressional policy that Department of Defense contracts and grants shall be awarded on the basis of merit and not on the basis of legislative earmarking.

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Continuation of reporting requirement on non-competitive awards to colleges and universities

The committee recommends a provision that would continue an annual reporting requirement on the awards of contracts and grants to universities through other than competitive procedures. The committee believes that open reporting of non-competitive awards is one of the most effective mechanisms for limiting the practice of university earmarking. The committee is therefore deeply concerned that the Defense Department has failed to submit the annual reports for 1992 and 1993, and expects them to be submitted immediately.

Procurement technical assistance program centers

In 1984, the committee first authorized funding for the creation of the procurement technical assistance program. This program supports a network of centers that provide technical assistance to firms interested in selling products or services to the Department of Defense. Under the program, the Department of Defense provides partial funding to support such centers with recipients being private non-profit organizations, state or local governments, or tribal organizations.

The committee recommends an authorization of \$12.0 million to continue the procurement technical assistance program in fiscal year 1995. The committee also recommends specifying that \$600,000 of the amount authorized for this program be available exclusively for centers operated by tribal organizations providing services to a distressed area.

Mentor protege program

The committee has closely followed the implementation of the mentor protege program. After an initial slow start due to lack of implementation personnel and other problems, the program has begun to show impressive results. The committee is pleased that the budget request included an adequate amount for the program, but surprised that it had been funded from the RDT&E account. The committee recommends the requested amount of \$50.0 million but recommends a provision that moves the authorization from the RDT&E account to the procurement account where the Congress has traditionally funded the program.

The committee also recommends a provision that would prohibit the obligation and expenditure of certain funds until the Secretary of Defense has issued regulations pertaining to the implementation of the mentor protege program.

Historically black colleges and universities and minority institutions

The committee is gratified that the Administration has included \$15.0 million for historically black colleges and universities and minority institutions (HBCU/MI) in its budget request. The Administration has taken a serious new interest in the program and has planned reforms that will improve the program.

The committee has been assured that the Defense Department will soon issue a modified broad area announcement for fiscal year 1994 that has been discussed with many of the presidents of the colleges and universities concerned and that will be more attuned to the common needs of the Department of Defense and the colleges and universities eligible for grants under the program. The committee urges the Department to take note of the recommendations of the presidents of the HBCU/MI institutions regarding the need to establish centers of excellence in needed disciplines.

The committee commends the Administration for its interest in this program and urges it to complete its fiscal year 1994 competition at the earliest possible date.

The committee is aware that the interests of the Department of Defense and the institutions involved converge primarily in the areas of the physical sciences and engineering. With this in mind, the committee urges the Department to ensure that its competitive process is open to those institutions that are setting up



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undergraduate science centers of excellence that concentrate on computer science, environmental science, the physical sciences, and engineering, especially those that support the education of minority women in these disciplines.

The committee recommends an authorization of \$35.0 million for the HBCU/MI program and directs the Administration to ensure that all minority institutions that meet the statutory qualifications for this program have an opportunity to compete for these funds.

Extension of test program for negotiation of comprehensive small business subcontracting plans

Section 834(e) of the National Defense Authorization Act for Fiscal Years 1990 and 1991 established a test program to determine whether the negotiation and administration of comprehensive small business subcontracting plans would result in an increase in opportunities for small business concerns under Department of Defense contracts. The provision authorized the use of comprehensive plans to be tested in one contracting activity in each military department and defense agency. The test authority is scheduled to expire on September 30, 1994.

Because of delays in establishing the program and negotiating comprehensive plans, the Department has not had an adequate opportunity to test and evaluate the use of comprehensive plans. The Committee believes that this is an important initiative that fits well into the acquisition reform agenda of the Department of Defense. Accordingly, the committee recommends a provision that would extend the current program to September 30, 1998.

National defense technology and industrial base

The committee remains disappointed that it has yet to receive the national defense technology and industrial base assessment and plan as required by section 4218 of the National Defense Authorization Act for Fiscal Year 1993. The lack of comprehensive information of the type required to be submitted is a serious impediment to addressing industrial base considerations in the congressional budget process.

The need for comprehensive information on the national defense technology and industrial base is urgent. The industries supporting national security are involved in active restructuring at an ever increasing pace. That process may be largely completed within the next few years, rendering congressional action irrelevant after that point. At present, the committee has been approached in piecemeal fashion by a number of industries requesting funding for programs based on technology and industrial base considerations. The absence of a comprehensive assessment denies the committee the ability to determine the merits of such proposals. It also undercuts committee efforts to resist earmarks based on industrial and technology base concerns for specific industry programs.

In an April 12, 1994 letter to Senator John McCain, the Principal Deputy Assistant Secretary of Defense for Economic Security indicated that the Department was "developing an on-going capability which will improve Department decision-making and allow [the Department] to provide timely reports in the future." No timeframe for the submission of the assessment and plan has been provided, however. The committee, therefore, prohibits the Secretary of Defense from obligating or expending any of the funds authorized in PE 65104D until the annual national defense technology and industrial base assessment and plan has been submitted to the Committees on Armed Services of the Senate and the House of Representatives.

Industrial mobilization

At the request of the Administration, the committee recommends a provision that would clarify 10 U.S.C. 2538 regarding industrial mobilization authority during wartime. The provision would restore language inadvertently stricken in a rewrite of the section in the National Defense Authorization Act for Fiscal Year 1994. The provision would allow the President to delegate industrial mobilization orders to the heads of the cabinet agencies rather than solely to the Secretary of Defense. This clarification would restore the Federal Emergency Management Agency authorities of the Departments of Commerce and Treasury.

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Permanent authority for the Department of Defense to share equitably the costs of claims under international armaments cooperative programs

Section 843 of the National Defense Authorization Act for Fiscal Year 1993 authorizes the Defense Department to pay its share of an international armaments cooperative program's claims in accordance with the program's cost-sharing formula or in accordance with any other equitable formula that is negotiated by the participants. This authority expires at the end of fiscal year 1994.

The committee believes that this authority facilitates cooperative project agreements between the United States and friendly foreign countries. Therefore, it recommends a provision that would extend the authority provided by section 843 indefinitely.

Determinations of public interest under the Buy American Act

Section 2533 of title 10, United States Code, prohibits the Defense Department from procuring foreign-made goods unless adequate consideration is given to a series of factors (e.g., the bids of U.S. small businesses, the U.S. balance of payments, and the cost of shipping foreign-made goods). The committee recommends a provision that would add several factors to the series in section 2533. With these additional factors, section 2533 would require the Defense Department to weigh a balanced set of considerations that reflects current defense acquisition practices.

Acquisition policy concerning termination of cable television services

Cable television systems have been installed at virtually all major military installations. The treatment of the agreements concerning the provision of these services, as a matter of acquisition policy, has varied widely within the Department of Defense. In some instances, particularly in the Air Force, these agreements have been treated as contracts subject to the Federal Acquisition Regulation (FAR). Under Part 49 of the FAR, when a contract is terminated, the contractor may recover certain amounts that the contractor invested to facilitate performance of the contract. This provision has particular significance with respect to bases involved in closure or realignment because such circumstances may require termination of the cable television agreement for the convenience of the government.

In some instances, however, particularly in the Army and the Navy, these agreements have not been treated as contracts subject to the FAR. In such circumstances, the military departments have taken the position that the contractor has no right to recover amounts invested to facilitate performance of the contract. In addition, the Navy has included in certain agreements a base deactivation clause, which provides that in the event of base deactivation, the cable TV service provider will not be entitled to any recovery of investment.

The lack of uniformity within the Department of Defense raises important legal and policy questions, particularly in view of the substantial investments that may be required on the part of a contractor as a condition of obtaining a cable TV service agreement. The committee directs the Secretary of Defense to provide the congressional defense committees with a report, not later than September 30, 1994, that addresses the following issues: (1) whether all such agreements are contracts governed by the FAR as a matter of law; (2) if so, whether all such agreements must include a standard termination for convenience provision governing recovery of amounts invested; (3) whether such a provision should be treated as an implied condition of any such agreement; (4) whether it is permissible to include in such an agreement a base deactivation clause which precludes recovery of amounts invested; (5) whether contracts should be reformed in view of the responses to the first four issues; (6) if so, the plan for directing such reformation; and (7) such other guidance on these issues as may be appropriate to govern: (a) future terminations; (b) modifications, extensions, or renewals of existing agreements; and (c) the content of any new agreements.

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Expertise on defense trade and international technology

The committee understands that officials in the Office of the Secretary of Defense are considering measures to strengthen the expertise available for Defense Department projects in defense trade and international technology. Policymaking and negotiations in these complex areas would benefit a great deal from the systematic collection and use of a wide range of information. The committee encourages the Department of Defense to study this matter and to pursue cost-effective changes and initiatives.

**SASC, p. 209-213**

TITLE IX-DEPARTMENT OF DEFENSE ORGANIZATION AND MANAGEMENT

Assistant Secretaries of Defense

One of the realities of modern government is the need to ensure that the public is kept informed, primarily through the news media. This is particularly true in connection with the deployment of U.S. armed forces into actual or potential trouble spots. A recent acknowledgement of this reality is a statement from the May 1994 White House white paper, entitled "The Clinton Administration's Policy on Reforming Multilateral Peace Operations":

To sustain U.S. support for UN peace operations, Congress and the American people must understand and accept the potential value of such operations as tools of U.S. interests. Congress and the American people must also be genuine participants in the processes that support U.S. decision-making on new and on-going peace operations.

Traditionally, the Executive branch has not solicited the involvement of Congress or the American people on matters relating to UN peacekeeping. This lack of communication is not desirable in an era when peace operations have become more numerous, complex and expensive.

Although that statement is limited to U.N. peace operations, the need for communications applies to all military operations, particularly in the post-Cold War era, and to a host of other activities of the Department of Defense. With the so-called "CNN factor" ever present, the quality of the Department's communications with the American people takes on even more importance.

The committee notes that the senior public affairs official of the Department is now an assistant to the Secretary of Defense, rather than an assistant secretary of defense as in the past. The committee has studied other agencies, such as the Department of State, which is authorized five Under Secretaries and 20 Assistant Secretaries of State. One of the 20 assistant secretaries is the Assistant Secretary of State for Public Affairs. The Department of Defense is only authorized 3 Under Secretaries, a Comptroller, and 10 Assistant Secretaries of Defense.

The senior public affairs official of the Department has little policy responsibility beyond the sphere of public affairs. That official, however, is responsible for ensuring that policy decisions are adequately articulated to the public and, in so doing, depends upon the cooperation and input from a host of officials within the Office of the Secretary of Defense, the Joint Staff, the Military Departments, the defense agencies, and the combatant commanders.

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The Deputy Secretary of Defense has indicated to the committee the need for an additional assistant secretary of defense position for the public affairs function. In view of the critical function that the senior public affairs official performs and the need to enhance the stature of that official within the Department, the committee recommends a provision that would increase the number of assistant secretaries of defense from 10 to 11 so that one of the assistant secretaries could be the Assistant Secretary of Defense for Public Affairs.

**SASC, p. 214**

Commission on roles and missions of the armed forces

The National Defense Authorization Act for Fiscal Year 1994 established the Commission on Roles and Missions of the Armed Forces to review potential military operations and make recommendations concerning changes in the roles, missions, and functions of the armed forces. The Commission was not, however, specifically requested to review and make recommendations concerning the role of the reserve components.

Accordingly, the committee recommends a provision that would specifically include the National Guard and reserve components in the conceptual framework of the Commission's review, and in the Commission's recommendations on the roles that Congress should assign. Additionally, a new requirement would be added for the Commission to address the roles, missions, and functions of the reserve components within the Total Force.

**SASC, p. 215**

Antideficiency Act investigations

The treatment of Antideficiency Act violations is a matter of concern to the committee. As of December 31, 1993, 103 Antideficiency Act cases were under investigation in the Department of Defense, with a total of \$917 million in questionable obligations. In one case alone, the allegedly improper obligations exceeded \$208 million.

A 1991 DOD Inspector General report concluded that the Department's investigative and reporting procedures are cumbersome, untimely, and inadequate. As a result, individuals responsible for violations are frequently reassigned, retired, or deceased before they can be held accountable.

Cases reviewed by the committee, and testimony before the Senate Committee on Governmental Affairs, indicate that problems continue in the conduct and review of Antideficiency Act violations. The committee is concerned that insufficient actions have been taken to address this problem.

During mark-up of this Act, the committee considered a proposal that would have required that allegations of Antideficiency Act violations of top-level officials be investigated by the Department's Inspector General; that speedy and independent investigations of all other Department employees and officers be required by the Department's guidance on this subject; and that the Secretary report to the Armed Services Committees of the House of Representatives and Senate with respect to any Antideficiency Act investigations that have taken longer than one year.

The committee determined that legislative action on this matter should be deferred until the committee receives the report of the Advisory Board on the Investigative Capability of the Department of Defense. The Advisory Board, which was established at the request of the Committees on Armed Services of the Senate and the House of Representatives, is considering the full range of issues involving the conduct and review of investigations within the Department of Defense. The committee concluded that the views of the Department's Advisory Panel on the Conduct and Review of Investigations on the process by which the Department conducts Antideficiency Act investigations would be helpful, prior to determining whether legislative action is necessary. The report of the Advisory Board is scheduled to be completed by the end of 1994.

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The committee directs the Secretary of Defense to request the Advisory Board, in the context of its overall charter, to give specific attention in its report to the responsibilities of the Inspector General in Antideficiency Act investigations; the extent to which investigations can be conducted in a thorough, prompt, and independent manner; and the means for determining the appropriateness of criminal versus administration sanctions.

**SASC, p. 217**

TITLE X-GENERAL PROVISIONS

Authorization of emergency supplemental appropriations

The committee recommends a provision that would authorize the emergency supplemental appropriations enacted in the Emergency Supplemental Appropriations Act of 1994 for fiscal year 1994 expenses relating to military operations in Somalia, Bosnia, Iraq, and Haiti.

Change in date for submission of mission budget

The committee recommends a provision that would approve the Administration request to delay the date for submission of the future years mission budget until 60 days after the date on which the President's budget request is submitted.

**SASC, p. 219**

Continuation of requirements for submittal of certain reports to Congress

Section 1151 of the National Defense Authorization Act for Fiscal Year 1994 directed the Secretary of Defense to prepare a list of reports required by law that he believes are unnecessary or incompatible with the efficient management of the Defense Department. Section 1151 specified that unless a provision of law enacted after November 30, 1993 provided otherwise, a reporting requirement on this list would automatically cease to be effective on October 30, 1995.

On May 24, 1994, the committee received a list of 106 reports that the Defense Department determined to be unnecessary or incompatible with efficient management. Unfortunately, the committee was able to conduct only a preliminary review of the list because it was submitted shortly before the committee marked up the National Defense Authorization Act for Fiscal Year 1995 and much of the information necessary to identify the reports was either missing or mistaken.

As a result of its initial review, the committee recommends a provision that would reenact into law 19 of the 106 reports on the Defense Department list. These reports provide information that is important to the committee in carrying out its responsibilities.

REPORTING REQUIREMENTS TO BE RETAINED

Citation	Topic
1. 10 U.S.C. 2806(c)(2)	Contributions for NATO infrastructure.

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|---|---|
| 2. 10 U.S.C. 2672a(b)   | Interests in land when need is urgent.                          |
| 3. 10 U.S.C. 2662   | Real property transactions.                                     |
| 4. 10 U.S.C. 2861   | Annual report on military construction.                         |
| 5. 10 U.S.C. 2807   | Architectural and engineering services and construction design. |
| 6. 10 U.S.C. 2804(b)  | Contingency construction.                                       |
| 7. 10 U.S.C. 2823(b)  | Determination of availability of suitable alternative housing.  |
| 8. 10 U.S.C. 2825   | Improvements to family housing.                                 |
| 9. 10 U.S.C. 2835   | Long-term leasing of military family housing.                   |
| 10. 10 U.S.C. 2865 (e) and (f) [as amended by sec. 2801 of FY93 DOD Authorization Act]                    | Promotion of energy savings.                                    |
| 11. 10 U.S.C. 2827(b)   | Relocation of military family housing units.                    |
| 12. 10 U.S.C. 2687  | Base closures and realignments.                                 |
| 13. Sec. 2921(e) and (f) of DOD Authorization Act [as amended by sec. 2827 of FY93 DOD Authorization Act] | Overseas military facility investment recovery account.         |
| 14. 10 U.S.C. 2008  | Management of industrial funds.                                 |
| 15. 37 U.S.C. 1008(a)   | Military pay and allowances.                                    |
| 16. 37 U.S.C. 406   | Travel and transportation allowances.                           |
| 17. 33 U.S.C. 2406  | Monitoring and research of ecological effects.                  |

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18. Sec. 1505(f)(3) of FY90/91 DOD Authorization Act      Military child development centers.  
19. Sec. 326 of FY93 DoD Authorization Act      Elimination of ozone-depleting substances.

**SASC, p. 229**

ADDITIONAL VIEWS OF MESSRS. THURMOND, WARNER, COHEN, MCCAIN, LOTT, COATS, SMITH, KEMPTHORNE, AND FAIRCLOTH, AND  
MRS. HUTCHISON

When the present Administration took office in 1993, it proceeded with a major reordering of priorities in the Nation's missile defense program. The Strategic Defense Initiative Organization became the Ballistic Missile Defense Organization. The change in title was not cosmetic, but reflected a new emphasis on developing defenses against theater ballistic missiles to defend U.S. regional interests, troops deployed abroad, and our allies, instead of focusing primarily on defense of the homeland against strategic ballistic missiles. Also encompassed in the change was more emphasis on development and acquisition of defensive systems, and less emphasis on long-term research in BMD technologies.

Most Minority members of the Committee, and most Republicans in the Senate, agreed with this reordering of missile defense priorities. While homeland defense against strategic ballistic missiles continues to be a major goal of the Minority, we realize that the threat to the continental United States from an ICBM attack has diminished significantly with the end of the Cold War. At the same time, we realize that the proliferation of ballistic missile technology and weapons of mass destruction poses increasing threats to U.S. theater forces and regional interests. The Minority, reluctantly giving up early National Missile Defense deployment on the assurance that the Administration would pursue a robust TMD program, joined with our Majority counterparts last year to support the new emphasis on theater missile defense (TMD) and allocate the bulk of BMDO funds to TMD.

The strong, bi-partisan consensus on a redirected BMD program was clearly expressed in the Fiscal Year 1994 National Defense Authorization Act. In Section 234(a)(8) Congress established as a national security priority the development and deployment of treaty compliant, "highly effective theater missile defense systems capable of countering existing and expanding threats posed by modern theater ballistic missiles as soon as is technically possible."

In considering this year's defense authorization bill, the Minority continued to act on the basis of that consensus in support of a robust, highly effective TMD program. In particular, we shared the Committee's concerns about the Theater High Altitude Area Defense System (THAAD) Demonstration/Validation program. THAAD is the centerpiece of the current TMD effort. But THAAD might not be permitted to enter its flight testing phase in November, 1994 as currently scheduled because of specious questions about compliance with the ABM Treaty. The Committee examined the THAAD Dem/Val program and the THAAD compliance report of January 12, 1994, and expressed in its Report its view that THAAD testing should not be delayed because of concerns about ABM Treaty compliance.

In formulating its position on THAAD testing, the Minority carefully considered at the same time the Administration's present attempt to obtain an agreement with Russia clarifying the distinction between ABM systems, limited by the ABM Treaty, and TMD systems, which are not limited. We believe the U.S. proposal on TMD "demarcation" tabled in the Standing Consultative Commission (SCC) is consistent with Article VI (a) of the ABM Treaty, and with the Congressional finding contained in the Fiscal Year 1994 Defense Authorization Act. This finding states that TMD systems are compliant with the ABM Treaty unless they are tested against or have demonstrated capabilities to counter modern strategic ballistic missiles. The Minority believes that this finding and the Administration's

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proposal to the SCC are a sound basis for an agreement on TMD demarcation. They serve the Nation's pressing need to develop and deploy highly effective TMD systems within our existing Treaty obligations.

The Minority is aware that the Defense Department's Compliance Review Group has not yet rendered an official opinion regarding compliance of the THAAD Dem/Val testing program, but that preliminary analysis, which led to the January, 1994 compliance report, indicates that THAAD Dem/Val flight testing may raise compliance problems without an agreement on TMD demarcation. We do not find this analysis persuasive. We note that the planned THAAD Dem/Val system configuration to be used for flight testing during Fiscal Year 1995 and Fiscal Year 1996 will have no capability to counter modern strategic ballistic missiles. We believe that compliance judgements on the THAAD Dem/Val flight program should be based on the system configuration actually employed during such testing.

We acknowledge the Administration's view that the THAAD user operational evaluation system (UOES), with a capability to receive space-based sensor cueing, may have compliance implications unless an agreement on TMD demarcation is reached. But until this system as described is actually tested, we believe no legal impediment exists to executing the planned THAAD Dem/Val program for Fiscal Year 1995. (The Committee concurred in this view only with respect to THAAD flight tests in Fiscal Year 1995, but the Minority believes this position is valid for Fiscal Year 1996 flight testing as well.)

Thus the language on THAAD testing compliance in this Report is consistent with last year's defense authorization act, with the January 12, 1994 THAAD compliance report, and with the technical parameters of the THAAD program as we understand it. The Report clearly expresses the Committee's view that the FY 1995 THAAD flight test schedule should go forward without unnecessary impediments or delays caused by concerns over ABM Treaty compliance. We commend the Majority for its leadership in arriving at this position, and fully subscribe to the views expressed in this section of the Report.

However, the Minority is concerned that the Report language cited does not go far enough in addressing the underlying issue of the ABM Treaty's potential impact on all U.S. TMD programs, not just THAAD. We are further troubled that compliance issues related to THAAD might be used as a rationale for seeking an early, unnecessarily narrow and restrictive agreement in the SCC on TMD demarcation. We urge the Administration to resist such pressures and to pursue a TMD demarcation agreement that would allow more advanced TMD systems to proceed unencumbered by legal ambiguity.

The Minority believes that a "demonstrated capabilities" standard, consistent with section 234(a)(7) of the Fiscal Year 1994 Defense Authorization Act and the Administration's SCC proposal of November 1993, would achieve these goals. Such a demonstrated capabilities standard could not be satisfied by one-on-one computer simulations that will never be validated by flight testing. Hence, the Administration should adopt a demonstrated capabilities standard based on flight testing as the measure for determining capabilities to counter strategic ballistic missiles.

The Minority has fully supported the Defense Department's strong TMD development and acquisition program. Based in part on the Administration's TMD demarcation proposal and the Armed Services Committee's apparent commitment to advanced TMD development, we also supported the addition of \$75 million for TMD in the BMDO account in this year's authorization bill.

However, the Minority is obliged to point out that if the Administration accepts limitations on the fly-out velocity of TMD interceptors or other limitations on TMD proposed by the states of the Former Soviet Union participating in the ABM Treaty negotiations, the Navy Upper Tier and Boost Phase Intercept advanced TMD programs could be severely restricted, if not killed outright.

Except for the aforementioned position taken on the compliance of THAAD testing, the Majority of the Armed Services Committee has not made its views clear on TMD demarcation, nor on the possibility that the Administration might accept new ABM Treaty limits on advanced TMD systems. In order to preserve the consensus that was established last year in favor of highly effective and quickly deployed TMD systems, the Minority hopes the Committee as a whole will see fit to express its views to the Executive branch on the need to sustain the original position on TMD demarcation in the current ABM Treaty negotiations. The Committee as a whole should demonstrate its commitment to a robust TMD program by protecting the right of the United States to develop and deploy technically advanced TMD systems capable of countering future as well as present theater ballistic missile threats.

Under Article II, Section 2 of the United States Constitution, the Senate shares the responsibility with the President for making treaties. Consequently, it is appropriate for individual members of the Senate, for Senate Committees, and for the Senate as a body to make their positions on treaty matters known to the



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Executive branch. Indeed, in our view it would be negligent of the Armed Service Committee not to make its position clear regarding changes in the ABM Treaty that could adversely impact vital TMD programs which the Committee has consistently said are a top national security priority.

The Constitution does not preclude Senators from conveying opinions to the Executive branch on treaty matters informally or via legislation before a treaty is formally presented for advice and consent under Article II, Section 2. The Senate advises, consents, instructs, directs, and compels the Executive branch in myriad matters, from spending priorities to appointments of Executive branch personnel. Since treaty-making is equally a prerogative of the Senate, Senators should feel no reticence to express a position on a pending treaty issue, especially one of such magnitude as changes to the ABM Treaty. We believe further that the defense authorization bill is an appropriate means for expressing such opinions.

If the Committee and the Senate as a whole do not take a clear position on ABM Treaty clarification that supports a robust TMD program, we fear the Administration may accept the counter-proposal tabled by the Russians in the SCC. That could impose additional limitations that would cripple promising, advanced TMD programs. By failing to insist that the U.S. Government do all it can-consistent with existing treaty obligations-to preserve the United States's right to pursue highly capable TMD systems, the Senate may by default allow the ABM Treaty to cast a net over TMD programs. That means the Treaty could be allowed to improperly "capture" an entire new class of weapons systems, contrary to the plain reading of the Treaty's language, contrary to its historical purpose, and contrary to the Nation's security interests. We would be accepting new legal obligations, in effect transforming the ABM Treaty into an "ABM-TMD Treaty."

Should this occur, the Defense Department will find itself constrained to artificially limit the performance and capabilities of some TMD systems, or eliminate them altogether. The Congress will find itself spending scarce defense funds on systems which are not technically competent to meet existing or future theater ballistic missile threats, systems which could in fact be obsolete by the time they are deployed. Faced with this possibility, the bi-partisan consensus on BMD and TMD arrived at with such promise last year could quickly erode. The Minority hopes this does not happen, and that the United States can rapidly proceed with the best theater missile defenses current technology will permit.

**SASC, p. 306-309**